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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)**

**2023 ANNUAL RESULTS ANNOUNCEMENT**

The board of directors (the “**Board**”) of Beijing North Star Company Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 (the “**Reporting Period**”) as set out below:

## CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Year ended 31 December	
		2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue	2	<b>15,751,478</b>	12,988,940
Cost of sales	3	<b>(12,197,760)</b>	(11,282,794)
<b>Gross profit</b>		<b>3,553,718</b>	1,706,146
Selling and marketing expenses	3	<b>(429,459)</b>	(486,486)
Administrative expenses	3	<b>(917,392)</b>	(884,697)
Net provision for impairment losses on financial assets		<b>(260,213)</b>	(158,917)
Other income and gains/(losses) – net		<b>(45,292)</b>	(135,499)
<b>Operating profit</b>		<b>(1,901,362)</b>	40,547
Finance income	4	<b>80,273</b>	127,661
Finance expenses	4	<b>(913,434)</b>	(912,288)
Finance expenses – net	4	<b>(833,161)</b>	(784,627)
Share of net profit/(loss) of investments accounted for using the equity method		<b>8,150</b>	(59,033)
<b>Profit/(loss) before income tax</b>		<b>1,076,351</b>	(803,113)
Income tax expense	5	<b>(1,066,161)</b>	(722,064)
<b>Profit/(loss) for the year</b>		<b>10,190</b>	(1,525,177)

## CONSOLIDATED INCOME STATEMENT (CONTINUED)

	<i>Note</i>	<b>Year ended 31 December</b>	
		<b>2023</b>	<b>2022</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Profit/(loss) for the year</b>		<b><u>10,190</u></b>	<b><u>(1,525,177)</u></b>
<b>Attributable to:</b>			
Ordinary shareholders of the Company	6	<b>140,407</b>	(1,471,352)
Holder of perpetual bond		–	25,359
Non-controlling interests		<b><u>(130,217)</u></b>	<b><u>(79,184)</u></b>
		<b><u>10,190</u></b>	<b><u>(1,525,177)</u></b>
<b>Earnings/(losses) per share attributable to ordinary shareholders of the Company</b> <i>(expressed in RMB cents per share)</i> <i>(basic and diluted)</i>	6	<b><u>4.17</u></b>	<b><u>(43.70)</u></b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 31 December	
		2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit/(loss) for the year</b>		<b>10,190</b>	(1,525,177)
<b>Other comprehensive (loss)/income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of post-employment benefit obligations		<u>(9,187)</u>	<u>5,838</u>
<b>Other comprehensive (loss)/income for the year, net of tax</b>		<u>(9,187)</u>	<u>5,838</u>
<b>Total comprehensive income/(loss) for the year</b>		<u><b>1,003</b></u>	<u>(1,519,339)</u>
<b>Attributable to:</b>			
Ordinary shareholders of the Company		<b>131,220</b>	(1,465,514)
Holder of perpetual bond		–	25,359
Non-controlling interests		<u>(130,217)</u>	<u>(79,184)</u>
		<u><b>1,003</b></u>	<u>(1,519,339)</u>

## CONSOLIDATED BALANCE SHEET

	<i>Note</i>	<b>As at 31 December</b>	
		<b>2023</b>	<b>2022</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use assets		414,133	433,030
Investment properties		16,739,636	16,826,279
Property, plant and equipment		2,433,403	2,543,658
Investments accounted for using the equity method		326,720	357,765
Deferred income tax assets		1,160,697	1,309,347
Other receivables and prepayments	8	403,396	191,717
		<u>21,477,985</u>	<u>21,661,796</u>
<b>Current assets</b>			
Properties under development		13,617,019	22,977,693
Completed properties held-for-sale		17,407,630	16,582,388
Other inventories		41,497	43,066
Trade and other receivables and prepayments	8	3,174,360	5,204,597
Restricted bank deposits		931,854	1,255,045
Cash and cash equivalents		8,505,482	8,388,151
		<u>43,677,842</u>	<u>54,450,940</u>
<b>Total assets</b>		<u><u>65,155,827</u></u>	<u><u>76,112,736</u></u>

## CONSOLIDATED BALANCE SHEET (CONTINUED)

		As at 31 December	
	Note	2023	2022
		RMB'000	RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowings		14,984,857	17,468,165
Loans from other parties	9	5,512,543	2,369,408
Employee termination benefit obligations		100,604	96,332
Deferred income tax liabilities		2,232,671	2,208,129
Lease liabilities		4,228	10,503
Deferred income		34,778	19,287
		<u>22,869,681</u>	<u>22,171,824</u>
<b>Current liabilities</b>			
Trade and other payables	9	7,273,603	9,535,581
Loans/advances from other parties	9	3,431,650	2,248,718
Contract liabilities	2	2,089,140	10,609,330
Current income tax liabilities		1,659,374	1,773,757
Lease liabilities		29,493	26,751
Current portion of long-term borrowings		5,575,026	7,162,682
		<u>20,058,286</u>	<u>31,356,819</u>
<b>Total liabilities</b>		<u>42,927,967</u>	<u>53,528,643</u>
<b>Net assets</b>		<u>22,227,860</u>	<u>22,584,093</u>
<b>EQUITY</b>			
Share capital		3,367,020	3,367,020
Other reserves		4,948,137	4,915,444
Retained earnings		11,229,013	11,130,486
<b>Capital and reserves attributable to ordinary shareholders of the Company</b>		<u>19,544,170</u>	<u>19,412,950</u>
<b>Non-controlling interests</b>		<u>2,683,690</u>	<u>3,171,143</u>
<b>Total equity</b>		<u>22,227,860</u>	<u>22,584,093</u>

*Notes:*

**1. BASIS OF PREPARATION**

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except for investment properties which are carried at fair value.

**(a) New and amended standards adopted by the Group**

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2023:

- HKFRS 17 Insurance Contracts
- Definition of Accounting Estimates – Amendments to HKAS 8
- International Tax Reform – Pillar Two Model Rules – Amendments to HKAS 12
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to HKAS 12
- Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2

Exception for those as described below, the new and amended standards listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

For temporary differences arising from lease liabilities and right-of-use assets (other than land use rights), the related deferred income tax assets and liabilities are required to be recognised separately according to Amendment to HKAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (while the Group had offset the related deferred income tax assets and liabilities in prior years). Due to this change, the relevant disclosure notes for the year ended 31 December 2022 have been adjusted accordingly.

**(b) New or amended standards and interpretations not yet adopted**

Certain new or amended accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. 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 of Directors of the Company (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 and others, 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 gains/(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 the consolidated financial statements.

Total segment assets mainly exclude assets of 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 liabilities of 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 developed properties and revenue from the operation of convention and exhibition (including hotels) and commercial properties. Revenues recognised during the years ended 31 December 2023 and 2022 are as follows:

	<b>Year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>		
Real estate development segment	12,904,731	10,964,541
Convention and exhibition (including hotels) and commercial properties segment	<u>2,649,089</u>	<u>1,881,782</u>
	<b>15,553,820</b>	<b>12,846,323</b>
Other segments	<u>197,658</u>	<u>142,617</u>
	<b><u>15,751,478</u></b>	<b><u>12,988,940</u></b>

During the years ended 31 December 2023 and 2022, the Group derives revenue from the deliveries of properties, goods and services over time and at a point in time from the following segments:

	<b>At a point in time</b>	<b>Over time</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Year ended 31 December 2023</b>		
Real estate development segment	12,904,731	–
Convention and exhibition (including hotels) and commercial properties segment*	462,749	679,032
Other segments	<u>48,647</u>	<u>149,011</u>
	<b><u>13,416,127</u></b>	<b><u>828,043</u></b>
<b>Year ended 31 December 2022</b>		
Real estate development segment	10,964,541	–
Convention and exhibition (including hotels) and commercial properties segment*	189,038	538,193
Other segments	<u>18,950</u>	<u>123,667</u>
	<b><u>11,172,529</u></b>	<b><u>661,860</u></b>

\* Rental income for the year ended of 31 December 2023 of RMB1,507,308,000 (2022: RMB1,154,551,000) is recognised on a straight-line basis over the term of the lease and has not been included in the above analysis.

## 2. SEGMENT INFORMATION (CONTINUED)

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

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

The segment information provided to the Board for the reportable segments for the year ended 31 December 2023 is as follows:

<b>Business segment</b>	<b>Real estate development RMB'000</b>	<b>Convention and exhibition (including hotels) and commercial properties RMB'000</b>	<b>Other segments RMB'000</b>	<b>Total RMB'000</b>
Total segment revenue	12,904,731	2,727,742	252,660	15,885,133
Inter-segment revenue	–	(78,653)	(55,002)	(133,655)
Revenue from external customers	<u>12,904,731</u>	<u>2,649,089</u>	<u>197,658</u>	<u>15,751,478</u>
Adjusted profit/(loss) before income tax	588,578	469,559	(60,559)	997,578
<i>Adjusted profit/(loss) before income tax is stated after (charging)/crediting the following:</i>				
Adjusted cost of sales or services rendered	(9,881,338)	(1,411,408)	(145,994)	(11,438,740)
Adjusted depreciation and amortisation	(36,997)	(437,488)	(9,446)	(483,931)
Finance income	38,209	4,911	222	43,342
Finance expenses	(733,558)	–	–	(733,558)
Share of net profit from investments accounted for using the equity method	4,643	3,507	–	8,150
Adjusted income tax (expenses)/credit	<u>(1,074,770)</u>	<u>(117,390)</u>	<u>14,624</u>	<u>(1,177,536)</u>

## 2. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Board for the reportable segments for the year ended 31 December 2022 is as follows:

<b>Business segment</b>	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>
Total segment revenue	10,964,541	1,943,237	177,979	13,085,757
Inter-segment revenue	—	(61,455)	(35,362)	(96,817)
Revenue from external customers	<u>10,964,541</u>	<u>1,881,782</u>	<u>142,617</u>	<u>12,988,940</u>
Adjusted loss before income tax	(608,149)	(95,479)	(90,180)	(793,808)
<i>Adjusted loss before income tax is stated after (charging)/crediting the following:</i>				
Adjusted cost of sales or services rendered	(8,977,560)	(1,189,225)	(152,979)	(10,319,764)
Adjusted depreciation and amortisation	(39,598)	(433,731)	(10,005)	(483,334)
Finance income	39,360	1,236	43	40,639
Finance expenses	(556,998)	—	—	(556,998)
Share of net (loss)/profit from investments accounted for using the equity method	(60,056)	1,023	—	(59,033)
Adjusted income tax (expenses)/credit	<u>(886,790)</u>	<u>23,870</u>	<u>22,545</u>	<u>(840,375)</u>

## 2. SEGMENT INFORMATION (CONTINUED)

The segment information as at 31 December 2023 and 2022 is as follows:

<b>Business segment</b>	<b>Real estate development</b> <i>RMB'000</i>	<b>Convention and exhibition (including hotels) and commercial properties</b> <i>RMB'000</i>	<b>Other segments</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>As at 31 December 2023</b>				
Total segment assets	37,133,959	10,359,154	100,054	47,593,167
Total segment assets include:				
Investments accounted for using the equity method	316,431	10,289	–	326,720
Additions to non-current assets*	16,121	189,111	2,513	207,745
Total segment liabilities	24,341,316	1,223,425	284,723	25,849,464
Contract liabilities	<u>1,971,399</u>	<u>112,360</u>	<u>5,381</u>	<u>2,089,140</u>
<b>As at 31 December 2022</b>				
Total segment assets	49,234,371	10,655,558	108,356	59,998,285
Total segment assets include:				
Investments accounted for using the equity method	353,493	4,272	–	357,765
Additions to non-current assets*	276,093	181,323	4,200	461,616
Total segment liabilities	37,500,019	1,345,710	302,655	39,148,384
Contract liabilities	<u>10,462,777</u>	<u>140,066</u>	<u>6,487</u>	<u>10,609,330</u>

\* Non-current assets does not include investments accounted for using the equity method, financial assets and deferred income tax assets.

The amounts provided to the Board with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. 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 treasury function centrally.

As at 31 December 2023, the contract liabilities mainly included the payments received from pre-sales of properties which were usually received in advance of the performance under the contracts. The decrease in contract liabilities during the year was in line with the decrease in the Group's contracted sales.

## 2. SEGMENT INFORMATION (CONTINUED)

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

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Real estate development segment	<b>9,065,874</b>	5,301,154
Convention and exhibition (including hotels) and commercial properties segment	<b>140,066</b>	282,971
Other segments	<b>6,487</b>	9,651
	<b><u>9,212,427</u></b>	<u>5,593,776</u>

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

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Adjusted profit/(loss) before income tax for reportable segments</b>	<b>997,578</b>	(793,808)
Corporate overheads	<b>(208,263)</b>	(229,529)
Corporate finance expense	<b>(179,876)</b>	(346,852)
Corporate finance income	<b>36,931</b>	87,022
Provision for impairment losses on financial assets	<b>(247,068)</b>	(155,330)
Other income	<b>176</b>	299
Other losses – net	<b>(750)</b>	(108)
Fair value losses on investment properties	<b>(180,599)</b>	(244,246)
Reversal of depreciation and impairment of investment properties	<b>278,764</b>	414,466
Land appreciation tax	<b>579,458</b>	464,973
<b>Profit/(loss) before income tax</b>	<b><u>1,076,351</u></b>	<u>(803,113)</u>

## 2. SEGMENT INFORMATION (CONTINUED)

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

	As at 31 December	
	2023 RMB'000	2022 RMB'000
<b>Total segment assets</b>	<b>47,593,167</b>	59,998,285
Deferred income tax assets at corporate level	959,891	1,043,076
Corporate cash	7,226,356	5,372,061
Accumulated fair value gains on investment properties	5,367,301	5,547,900
Reversal of accumulated depreciation and impairment of investment properties	3,563,384	3,284,620
Corporate loan advanced to joint ventures and an associate	434,792	854,832
Other corporate current assets	10,936	11,962
<b>Total assets per consolidated balance sheet</b>	<b>65,155,827</b>	76,112,736
<b>Total segment liabilities</b>	<b>25,849,464</b>	39,148,384
Deferred income tax liabilities at corporate level	2,232,671	2,208,129
Corporate borrowings	8,943,140	10,178,111
Other corporate liabilities	5,902,692	1,994,019
<b>Total liabilities per consolidated balance sheet</b>	<b>42,927,967</b>	53,528,643

The reconciliation between the Group's depreciation and amortisation for reportable segments and corresponding amount per disclosure for property, plant and equipment and right-of-use assets are mainly reversal of depreciation of investment properties and other related adjustments amounting to RMB274,700,000 (2022: RMB271,471,000).

The reconciliation between reportable segment income tax expenses and total income tax expenses is amounting to RMB111,375,000 (2022: RMB118,311,000), representing the impact of the aforementioned reconciliation items including corporate overheads, corporate financial expense, corporate financial income, fair value gains/(losses) on investment properties and reversal of depreciation of investment properties.

The Company and its subsidiaries were incorporated in the People's Republic of China ("PRC") and all the revenue from external customers of the Group for the years ended 31 December 2023 and 2022 are derived in the PRC.

At 31 December 2023 and 2022, all the Group's non-current assets other than deferred income tax assets are located in the PRC.

The Group has a large number of customers, and there was no significant revenue (in excess of 10% of the Group's revenue) derived from any specific external customers for the years ended 31 December 2023 and 2022.

### 3. EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses and administrative expenses are analysed as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Depreciation of property, plant and equipment and right-of-use assets	209,231	211,863
Provision of impairment for properties under development and completed properties held-for-sale	637,211	905,159
Employee benefit expense	1,147,178	1,117,626
Advertising costs	48,495	59,685
Cost of properties sold	9,881,338	8,977,560
Cost of goods sold and consumables used	223,079	183,759
Taxes and levies (other than income tax expenses)	400,576	334,534
Office and consumable expenses	90,315	69,884
Property management fee	142,723	129,828
Energy and utilities expenses	109,318	99,457
Consulting and service expenses	375,358	353,397
Repair and maintenance expenses	61,407	57,080
Short-term leases	11,523	11,617
Auditor's remuneration	7,240	7,240
Exhibition construction fee	119,993	67,421
Others	79,626	67,867
	<b>13,544,611</b>	<b>12,653,977</b>

#### 4. FINANCE INCOME AND EXPENSES

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expenses:		
– bank and other borrowings	(1,137,910)	(1,368,556)
– bonds and medium term notes	(279,522)	(289,595)
	<u>(1,417,432)</u>	<u>(1,658,151)</u>
Less: amounts capitalised in properties under development at a capitalization rate of 4.14% (2022: 4.94%) per annum	<u>511,866</u>	<u>754,301</u>
	(905,566)	(903,850)
Bank charges and others	<u>(7,868)</u>	<u>(8,438)</u>
Finance expenses	(913,434)	(912,288)
Finance income – interest income	<u>80,273</u>	<u>127,661</u>
Finance expenses – net	<u><u>(833,161)</u></u>	<u><u>(784,627)</u></u>

## 5. INCOME TAX EXPENSES

The PRC income tax is computed according to the relevant laws and regulations in the PRC. The applicable income tax rate is 25% (2022: 25%).

The Company and certain PRC subsidiaries are also subject to the PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditure including costs of land use rights and development and construction expenditure.

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
<b>Current income tax</b>		
– PRC enterprise income tax	313,511	277,736
– PRC land appreciation tax	579,458	464,973
<b>Deferred income tax</b>	173,192	(20,645)
	<u>1,066,161</u>	<u>722,064</u>

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the local statutory tax rate in the PRC as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Profit/(loss) before income tax expense	1,076,351	(803,113)
Less: share of net (profit)/loss of investments accounted for using the equity method	(8,150)	59,033
	<u>1,068,201</u>	<u>(744,080)</u>
Tax calculated at the statutory tax rate of 25% (2022: 25%)	267,050	(186,020)
The effect of preferential income tax rate (Note b)	(17,390)	–
Expenses not deductible for tax purposes	9,153	5,369
Tax losses not recognised	193,432	189,587
Temporary differences not recognised	190,456	344,281
Effect of the land appreciation tax in the PRC	434,594	348,730
Utilisation of previously unrecognised tax losses	(11,134)	(6,429)
Others (Note a)	–	26,546
	<u>1,066,161</u>	<u>722,064</u>

Note:

- (a) The Group reviewed previously recognised tax losses and temporary differences and determined that it was now probable that insufficient taxable profits will be available to utilise certain recognised tax losses prior to their expiring date. As a consequence, deferred income tax assets of RMB26,546,000 were derecognised during the year ended 31 December 2022.
- (b) Haikon Chenrui Real Estate Co., Limited, a subsidiary of the Company, is entitled to enjoy a preferential income rate of 15% in accordance with the Notice of the State Administration of Taxation of the Ministry of Finance on the Preferential Income Tax Policy of Hainan Free Trade Port (Finance and Taxation [2020]31) starting from 2023, being the first profit making year of the subsidiary.

## 6. EARNINGS/(LOSSES) PER SHARE

Basic earnings/(losses) per share is calculated by dividing the profit/(loss) attributable to ordinary shareholders of the Company by the number of shares in issue during the year.

Diluted earnings/(losses) per share is equal to the basic earnings/(losses) per share since the Company has no potential dilutive ordinary shares during the years ended 31 December 2023 and 2022.

	Year ended 31 December	
	2023	2022
Profit/(loss) attributable to ordinary shareholders of the Company ( <i>RMB'000</i> )	<u>140,407</u>	<u>(1,471,352)</u>
Number of ordinary shares in issue ( <i>thousands</i> )	<u>3,367,020</u>	<u>3,367,020</u>
Earnings/(losses) per share (basic and diluted) ( <i>RMB cents per share</i> )	<u><u>4.17</u></u>	<u><u>(43.70)</u></u>

## 7. DIVIDENDS

No dividend was paid in 2023 (2022: RMB33,670,000). Proposed dividends of 2023 and 2022 were as follows:

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
2023 proposed final dividend of RMB0.02 (2022: Nil) per share	<u>67,340</u>	<u>–</u>
	<u><u>67,340</u></u>	<u><u>–</u></u>

The Board recommended the payment of a 2023 final dividend of RMB0.02 per ordinary share. Total amount of the 2023 final dividend would be RMB67,340,000 which is calculated according to the ordinary shares in issue as of 31 December 2023. Such dividend is subject to approval by the shareholders at the 2023 Annual General Meeting. These consolidated financial statements do not reflect this dividend payable.

## 8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December					
	2023			2022		
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000	Non-current RMB'000	Total RMB'000
Trade and other receivables (a)	1,393,800	395,302	1,789,102	2,781,317	165,474	2,946,791
Prepayments	1,780,560	8,094	1,788,654	2,423,280	26,243	2,449,523
	<u>3,174,360</u>	<u>403,396</u>	<u>3,577,756</u>	<u>5,204,597</u>	<u>191,717</u>	<u>5,396,314</u>

### (a) Trade and other receivables

	As at 31 December					
	2023			2022		
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000	Non-current RMB'000	Total RMB'000
Trade receivables(i)	256,434	–	256,434	273,247	–	273,247
Less: provision for impairment of trade receivables	(61,235)	–	(61,235)	(49,540)	–	(49,540)
Trade receivables – net	<u>195,199</u>	<u>–</u>	<u>195,199</u>	<u>223,707</u>	<u>–</u>	<u>223,707</u>
Receivables due from other related parties	218,052	655,125	873,177	821,771	220,500	1,042,271
Receivables due from non- controlling interests	859,822	–	859,822	1,503,447	–	1,503,447
Other receivables	265,199	43,103	308,302	311,202	65,044	376,246
	<u>1,343,073</u>	<u>698,228</u>	<u>2,041,301</u>	<u>2,636,420</u>	<u>285,544</u>	<u>2,921,964</u>
Less: provision for impairment of other receivables	(144,472)	(302,926)	(447,398)	(78,810)	(120,070)	(198,880)
Other receivables – net	<u>1,198,601</u>	<u>395,302</u>	<u>1,593,903</u>	<u>2,557,610</u>	<u>165,474</u>	<u>2,723,084</u>
	<u>1,393,800</u>	<u>395,302</u>	<u>1,789,102</u>	<u>2,781,317</u>	<u>165,474</u>	<u>2,946,791</u>

The fair values of trade and other receivables are not materially different from their carrying amounts.

## 8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

### (a) Trade and other receivables (Continued)

#### (i) Trade 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. At 31 December 2023 and 2022, the ageing analysis of the trade receivables were as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
0 – 30 days	146,463	172,467
31 – 90 days	16,456	37,333
Over 90 days	93,515	63,447
	<u>256,434</u>	<u>273,247</u>

## 9. TRADE AND OTHER PAYABLES AND LOANS/ADVANCES FROM OTHER PARTIES

At 31 December 2023 and 2022, the Group's trade and other payables and loans/advances from other parties mainly include trade payables, prepaid rental income from tenants, dividends payable to non-controlling interests of subsidiaries, amounts due to related parties, non-controlling interests and third parties, loans/advances from other parties, other tax payable and other payables.

At 31 December 2023 and 2022, the ageing analysis of the trade payables based on date of services/goods received. The ageing analysis of the Group's trade payables is as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
0 – 180 days	2,251,550	2,254,470
181 – 365 days	981,950	1,251,837
Over 365 days	2,535,282	3,170,441
	<u>5,768,782</u>	<u>6,676,748</u>

## 10. EVENTS AFTER THE BALANCE SHEET DATE

On 21 March 2024, the Board has resolved to recommend the payment of a final dividend of RMB0.02 per share for the year ended 31 December 2023 (2022: Nil).

## RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the year ended 31 December 2023 in accordance with the China Accounting Standards for Business Enterprises, the Application Guidance for Accounting Standard for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance of the PRC on 15 February 2006, and thereafter (“CAS”). The differences between the financial statements prepared under CAS and HKFRS are summarised as follows:

	Profit/(loss) attributable to owners of the Company and holders of perpetual bond for the year ended 31 December		Capital and reserves attributable to the owners of the Company and holders of perpetual bond as at 31 December	
	2023	2022	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As stated in accordance with CAS	<b>68,064</b>	(1,575,516)	<b>12,845,583</b>	12,786,706
Impact of HKFRS adjustments				
1. Reversal of depreciation and impairment of investment properties	<b>200,782</b>	268,161	<b>2,621,558</b>	2,420,776
2. Fair value adjustment of investment properties under HKFRS	<b>(128,439)</b>	(138,638)	<b>4,077,029</b>	4,205,468
As stated in accordance with HKFRS	<b><u>140,407</u></b>	<b><u>(1,445,993)</u></b>	<b><u>19,544,170</u></b>	<b><u>19,412,950</u></b>

## PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS

The figures in respect of this preliminary announcement of annual results have been agreed upon by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement of annual results.

## **RESULTS AND DIVIDEND**

The Group's revenue amounted to RMB15,751,478,000, representing a year-on-year increase of 21.27%. The Group's profit attributable to ordinary shareholders for the year ended 31 December 2023 was RMB140,407,000, realizing a turnaround from loss to profit.

The Board has recommended the payment of a final dividend of RMB0.02 per share (2022: RMB0.00 per share) for the year ended 31 December 2023, totaling RMB67,340,400 to those shareholders whose names appear on the register of shareholders of the Company after the close of business at 4:30 p.m. on Wednesday, 29 May 2024. Subject to the approval of the shareholders at the forthcoming annual general meeting of the Company, the final dividend is expected to be payable on or before Monday, 15 July 2024.

## **CLOSURE OF REGISTER OF SHAREHOLDERS**

According to the Law of the People's Republic of China on Enterprise Income Tax and the relevant implementation regulations which came into effect on 1 January 2008, the Company is required to withhold and pay enterprise income tax at the rate of 10% on behalf of non-resident enterprise shareholders whose names appear on the H share register of shareholders of the Company when distributing the final dividend. Any shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees or trustees or other groups and organisations will be treated as being held by non-resident enterprise shareholders and therefore the dividend payable to such shareholders will be subject to the withholding of the enterprise income tax.

The register of shareholders of the Company will be closed from Thursday, 9 May 2024 to Thursday, 16 May 2024 (both days inclusive), during which no transfer of the Company's shares will be registered. For the purpose of ascertaining the shareholders' entitlement to attend and vote at the 2023 annual general meeting, all completed transfer documents relating to H shares, accompanied by the relevant share certificates, must be lodged with the H share registrar of the Company, Hong Kong Registrars Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 8 May 2024.

Subject to the approval of the shareholders at the 2023 annual general meeting of the Company, the proposed final dividend will be payable to the shareholders whose names appear on the register of shareholders of the Company after the close of business at 4:30 p.m. on Wednesday, 29 May 2024. The register of shareholders of the Company will be closed from Wednesday, 22 May 2024 to Wednesday, 29 May 2024 (both days inclusive), during which no transfer of the Company's shares will be registered. In order to qualify for the proposed final dividend, all completed transfer documents relating to H shares, accompanied by the relevant share certificates, must be lodged with the H share registrar of the Company, Hong Kong Registrars Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 21 May 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. DEVELOPMENT OF THE INDUSTRY OF THE COMPANY

In 2023, in the face of complex environment both domestically and internationally, China ramped up efforts in macroeconomic control with a focus on expanding domestic demand, optimizing the structure, boosting confidence, and preventing and resolving risks. China's economy showed a positive trend of recovery and solid progress was made in high-quality development. The development of a modern industrial system achieved significant progress and people's livelihood was strongly and effectively safeguarded, with the annual growth rate of GDP reaching 5.2%.

#### 1. Real Estate Development

In 2023, in light of the significant changes in the relationship between supply and demand in the real estate market, the Central Government has emphasized that proactive measures shall be implemented to properly resolve the risks of the real estate industry. In order to stimulate the demand, the regulatory authorities have successively introduced various policies, such as "Recognize the House, Not the Loan", reduction of interest rates on outstanding first home mortgages, sales of mortgaged properties and cutting down brokerage service fees for sales and leasing of housing, which further lowered the cost and threshold for people to buy homes. To stabilize the supply of properties, various departments of the Central Government and local governments increased financial support for real estate enterprises, optimized the supervision of pre-sale funds, with an emphasis on treating real estate enterprises of different ownerships equally and meeting their reasonable financing requirements. The overall policy environment of the real estate industry remained relaxed.

In general, the real estate market witnessed a rise followed by a decline during the year. At the beginning of the year, the market experienced a notable improvement due to the concentrated release of demand and remarkable results of previous policies. However, in the middle of the year, the market failed to sustain the recovery momentum as a result of the decline in market prices and sales volume as well as home purchase sentiment among home buyers. According to the data from the National Bureau of Statistics, the commodity housing sales area in the real estate market of the PRC in 2023 was 947,960,000 square meters, representing a year-on-year decrease of 13.48%, while the sales of commodity housing amounted to RMB10,299 billion, representing a year-on-year decrease of 9.4%. Hit by the downturn in the national land market, the area of residential land launched and sold dropped significantly year-on-year with a structural increase in the average price of sold floor space, while the premium rate remained at a low level.

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

In 2023, as the overall economy continued to recover with strong market demand for convention and exhibition, various convention and exhibition enterprises in China actively carried out business innovation and expanded their business by the combination of online and offline exhibitions, online introductory sessions and online press conferences, etc. The exhibition scale increased significantly, demonstrating a full recovery trend and a growing trend of digital transformation in the convention and exhibition industry. With the recovery of demand for exhibitions and conferences, cultural and recreational activities as well as business travel in various major cities, the hotel industry has seen a significant rise in occupancy rate. Despite the unsatisfactory performance in the net absorption of the office market in Beijing in the first three quarters, the net absorption for the fourth quarter returned to a positive level. The recovery trend of market demand was sustained with a continued downward trend in rents.

## II. DISCUSSION AND ANALYSIS ON THE OPERATIONS

In 2023, in response to the general economic recovery trend, the Company continued to optimize its industrial layout and further enhance management efficiency, thereby driving the synergistic development of real estate, convention and exhibition (including hotels) and commercial properties sectors.

### 1. Real Estate Development

Against the backdrop of the intensified differentiation in the real estate market and frequent occurrence of debt risk events, the Company adhered to prudent operation and strived to improve its risk prevention ability relating to the real estate development business.

**Promoting sales and ensuring delivery.** Keeping abreast of adjustments in the real estate policies, the Company reasonably controlled its sales and marketing progress, devoted greater efforts to digital marketing, and implemented various measures to facilitate delivery and destocking. During the year, the delivery of 7,460 residential units in 15 batches was completed in a smooth and orderly manner. During the Reporting Period, the Company achieved contracted sales amount of RMB5.278 billion (including parking spaces) and contracted sales area of 341,500 square meters. In particular, the Company continued to carry out digital marketing and achieved a remarkable result with the turnover of the “North Star Cheng Xiangjia” online platform exceeding RMB500 million. As the final project of Changsha North Star Delta, Yuejiangyang at Block A2 was sold out upon its launch with its high-quality products at an increased selling price despite a general falling trend. The concentrated delivery of projects such as Hanjiang Mansion at Block D4 in Changsha North Star Delta, Ningbo North Star Xianglu Bay, Chongqing North Star • Yuelai Mansion One and North Star Mansion in Haikou was completed successfully as scheduled. Beijing North Star • Villa 1900 was substantially sold out and the sales office of Chengdu North Star • South Lake Xianglu realized en-bloc sales.

**Strengthening risk management and control.** In order to improve the risk prevention and control system, the Company, on the one hand, strengthened its dynamic inventory value management to ensure that the development progress of projects can be controlled, on the other hand, adhered to the principle of “determining expenditure by the revenue”, and strictly controlled operating expenditures, and reduced both costs and expenses.

**Pushing forward the innovation of development model.** Taking into account the current development trend of the industry, the Company reinforced the research on commercial products, actively trying to promote the synergy of “Convention and Exhibition + Property” project.

**Table 1: Real estate reserve during the Reporting Period**

No.	Region(s) of the land held for development	Land area held for development (square meters)	Planned Plot Ratio-Based Gross Floor Area (square meters)	Whether cooperative development project is involved	Area of cooperative development project (square meters)	Percentage of interest in cooperative development project (%)
1	Wuhan North Star Guangguli	134,800	337,000	Yes	171,900	51
2	Wuhan Blue City	217,700	716,000	No	–	100
3	Langfang North Star (Lot 2020-5)	42,800	92,000	No	–	100

*Notes:*

1. Land area held for development represents the gross construction area of undeveloped portion of project land;
2. Planned plot ratio-based gross floor area represents the data calculated with reference to the conditions of assignment at the time of project auction;
3. Area of cooperative development project represents the plot ratio-based gross floor area attributable to the interest held by the Company;
4. During the Reporting Period, total land reserve of the Company was 4,325,700 square meters, equity land reserve was 3,836,600 square meters, with no newly added real estate reserve.

**Table 2: Investment in real estate development during the Reporting Period**

*Unit: 100 million Currency: RMB*

No.	Location	Project	Mode of operation	Projects under construction/ Newly commenced projects/ Completed projects	Planned plot ratio-based gross floor area (square meter)	Total floor area (square meter)	Floor area under construction (square meter)	Completed area (square meter)	Total investment amount	Actual investment amount during the Reporting Period
1	Haidian, Beijing	Beijing North Star Xianglu	Residence	Completed	230,000	312,100	-	312,100	28.59	-
2	Changping, Beijing	Beijing North Star Red Oak Villa	Villa	Under construction	150,000	213,700	40,200	173,500	34.00	0.15
3	Shunyi, Beijing	Beijing Modern North Star Yue MOMA	Self-occupied commercial housing, two-limit housing	Under construction	109,300	132,500	1,400	131,100	23.47	-
4	Shunyi, Beijing	Beijing North Star • Villa 1900	Residence	Completed	140,000	213,300	-	213,300	24.45	-
5	Haidian, Beijing	Beijing Co. Ltd.	Villa	Completed	-	6,100	-	6,100	-	-
6	Changping, Beijing	Beijing Jinchun Mansion	Residence	Completed	170,400	280,100	-	280,100	53.17	0.87
7	Mentougou, Beijing	Beijing Longfor North Star Lanjing	Residence	Completed	66,200	104,100	104,100	104,100	24.78	1.57
8	Changsha, Hunan	Changsha North Star Delta	Residence, commercial and office building	Under construction	3,820,000	5,019,800	570,600	4,783,300	407.08	14.06
9	Changsha, Hunan	Changsha North Star Central Park	Residence	Completed	720,000	927,100	-	927,100	26.03	1.23
10	Changsha, Hunan	Changsha North Star Shiguangli	Residence and commercial	Completed	107,900	145,400	-	145,400	12.28	0.61
11	Wuhan, Hubei	Wuhan North Star Modern You +	Residence and commercial	Completed	241,100	313,300	-	313,300	21.00	0.03
12	Wuhan, Hubei	Wuhan North Star Guangguli	Commercial service	Under construction	337,000	492,000	75,100	357,200	25.81	1.35
13	Wuhan, Hubei	Wuhan Blue City	Residence and commercial	Under construction	716,000	980,100	17,000	745,400	102.68	2.15
14	Wuhan, Hubei	Wuhan Gemdale • North Star China Chic	Residence	Completed	127,000	178,900	-	178,900	13.51	0.13
15	Wuhan, Hubei	Wuhan North Star Peacock City Hangtian Mansion	Residence	Completed	172,800	220,400	-	220,400	9.88	0.10
16	Wuhan, Hubei	Wuhan North Star Jingkaiyou+ (Lot 067)	Residence and commercial	Completed	126,200	180,900	-	180,900	12.42	0.79
17	Wuhan, Hubei	Wuhan North Star Jingkaiyou+ (Lot 068)	Residence and commercial	Under construction	158,100	227,700	227,700	-	16.38	0.90
18	Wuhan, Hubei	Wuhan North Star Jindiyang Time	Residence and commercial	Completed	151,400	212,100	-	212,100	18.72	0.40
19	Hangzhou, Zhejiang	Hangzhou North Star Shushan Project	Residence and commercial	Completed	235,000	317,500	-	317,500	25.29	0.20
20	Hangzhou, Zhejiang	Hangzhou Guosongfu	Residence	Completed	48,200	69,900	-	69,900	17.16	0.0033
21	Hangzhou, Zhejiang	Hangzhou Jinhu Duhui Yijing	Residence and commercial	Completed	144,000	209,700	-	209,700	5.50	0.01
22	Hangzhou, Zhejiang	Hangzhou Lingchao Mansion	Residence	Completed	25,700	44,400	-	44,400	12.52	0.20
23	Hangzhou, Zhejiang	Hangzhou North Star Chenchun Lancheng	Residence	Under construction	179,500	276,400	276,400	-	52.18	3.68

No.	Location	Project	Mode of operation	Projects under construction/ Newly commenced projects/ Completed projects	Project area (square meter)	Planned plot ratio-based gross floor area (square meter)	Total floor area (square meter)	Floor area under construction (square meter)	Completed area (square meter)	Total investment amount	Actual investment amount during the Reporting Period
24	Ningbo, Zhejiang	Ningbo Beichenfu	Residence	Completed	47,300	137,400	189,700	-	189,700	45.20	0.39
25	Ningbo, Zhejiang	Ningbo Mansion • Jintian	Residence and commercial	Completed	133,000	292,500	404,800	-	404,800	34.33	0.30
26	Yuyao, Zhejiang	Ningbo Xianglu Bay	Residence	Completed	68,700	116,800	166,400	166,400	166,400	22.43	2.62
27	Nanjing, Jiangsu	Nanjing North Star CIFI Park Jinling	Residence	Completed	25,300	70,700	105,000	-	105,000	14.73	0.02
28	Suzhou, Jiangsu	Suzhou North Star CIFI Park No.1 Mansion	Residence and commercial	Completed	178,700	180,500	273,900	-	273,900	17.28	0.02
29	Suzhou, Jiangsu	Suzhou Guanlan Mansion	Residence and commercial	Under construction	170,000	268,800	392,900	165,400	308,700	65.70	3.88
30	Wuxi, Jiangsu	Wuxi Tianyi Jiuzhu	Residence	Completed	88,000	196,000	255,400	-	255,400	28.60	0.12
31	Wuxi, Jiangsu	Wuxi Times City	Residence	Completed	137,900	413,800	535,400	-	535,400	46.79	0.18
32	Chengdu, Sichuan	Chengdu North Star Langshi Nanmen Lvjun	Residence and commercial	Completed	63,600	158,600	237,000	-	237,000	9.83	0.43
33	Chengdu, Sichuan	Chengdu North Star • Xianglu	Residence and commercial	Completed	40,400	96,900	148,300	-	148,300	16.16	1.04
34	Chengdu, Sichuan	Chengdu North Star • South Lake Xianglu	Residence	Completed	88,000	210,000	297,100	-	297,100	26.25	0.59
35	Chengdu, Sichuan	Chengdu North Star Royal Palace	Residence and commercial	Completed	26,600	79,800	120,000	-	120,000	18.03	0.83
36	Chengdu, Sichuan	Chengdu North Star Luming Mansion	Residence and commercial	Completed	80,100	160,300	227,300	-	227,300	22.00	1.74
37	Meishan, Sichuan	Sichuan North Star Guosongfu	Residence and commercial	Completed	59,900	149,800	197,400	-	197,400	16.32	0.62
38	Meishan, Sichuan	Sichuan North Star Longxitai	Residence and commercial	Completed	69,900	84,000	126,600	126,600	126,600	15.08	2.74
39	Langfang, Hebei	Langfang North Star Xianglu	Residence and commercial	Under construction	140,700	296,800	357,700	145,000	291,800	31.28	2.79
40	Langfang, Hebei	Langfang North Star Blue City (Lot 2018-4)	Residence	Under construction	82,500	164,800	245,600	245,600	-	24.56	1.89
41	Langfang, Hebei	Langfang Xingchenli (Lot 2019-3)	Commercial	Newly commenced	21,100	52,800	75,400	75,400	-	5.45	0.30
42	Langfang, Hebei	Langfang North Star (Lot 2020-5)	Residence	Newly commenced	46,200	92,000	138,300	95,400	-	13.43	0.60
43	Hefei, Anhui	Hefei North Star CIFI Park Mansion • Luzhou	Residence and commercial	Completed	141,700	239,000	356,200	-	356,200	21.07	0.39
44	Yubei, Chongqing	Chongqing • Yue'ai Mansion One	Residence and commercial	Under construction	429,100	918,000	1,274,000	468,500	1,022,300	115.93	6.24
45	Yubei, Chongqing	Chongqing North Star Xianglu	Residence	Under construction	68,200	102,200	150,400	150,400	149,400	24.64	1.43
46	Haikou, Hainan	North Star Mansion in Haikou	Residence and commercial	Completed	106,800	206,000	281,100	46,600	281,100	36.31	2.20
47	Haikou, Hainan	Haikou North Star Changxiu Shijia	Residence	Completed	30,500	106,800	134,700	-	134,700	12.35	1.42
48	Guangzhou, Guangdong	Guangzhou Lanting Xianglu (Lot 116)	Residence and commercial	Under construction	25,900	77,800	113,700	113,700	-	12.00	0.47
49	Guangzhou, Guangdong	Guangzhou Lanting Xianglu (Lot 114)	Residence and commercial	Under construction	25,100	76,600	110,600	110,600	46,400	9.66	1.06

**Notes:**

1. Total investment amount represents the estimated total investment amounts for each project;

2. During the Reporting Period, the Company's new construction area was 407,300 square meters; the area for new and resumed construction was 3,222,300 square meters; and the completed area was 1,426,100 square meters.

**Table 3: Sales and booked sales of real estate during the Reporting Period***Unit: 0'000 Currency: RMB*

No.	Location	Project	Mode of operation	Saleable area (square meter)	Sold (including pre-sold) area (square meter)	Booked area (square meter)	Booked revenue	Area to be booked at the end of the Reporting Period (square meter)
1	Chao Yang, Beijing	Beijing North Star Green Garden	Residence, commercial and office building	6,291	-	-	1,470	337
2	Haidian, Beijing	Beijing North Star Xianglu	Residence	-	-	-	64	728
3	Chao Yang, Beijing	Beijing North Star Fudi	Residence and commercial	13,946	10,816	10,816	6,278	-
4	Shunyi, Beijing	Beijing North Star • Villa 1900	Residence	13,825	9,866	10,003	30,272	763
5	Chao Yang, Beijing	Beijing Bihai Fangzhou	Residence	830	-	-	-	1,499
6	Changping, Beijing	Beijing North Star Red Oak Villa	Villa	27,729	-	-	-	1,276
7	Shunyi, Beijing	Beijing Modern North Star Yue MOMA	Self-occupied commercial housing, two-limit housing	3,243	-	321	1,222	-
8	Changping, Beijing	Beijing Jinchun Mansion	Residence	87,699	2,465	3,789	18,061	-
9	Mentougou, Beijing	Beijing Longfor North Star Lanjing	Residence	14,579	9,070	-	-	-
10	Changsha, Hunan	Changsha North Star Delta	Residence, commercial and office building	58,771	33,936	247,340	359,892	58,107
11	Changsha, Hunan	Changsha North Star Central Park	Residence	16,073	4,080	8,271	10,409	8,199
12	Changsha, Hunan	Changsha North Star Shiguangli	Residence and commercial	27,557	11,128	8,927	6,446	4,172
13	Wuhan, Hubei	Wuhan North Star Modern You +	Residence and commercial	662	-	-	-	-
14	Wuhan, Hubei	Wuhan North Star Guangguli	Commercial service	97,186	1,246	4,240	6,767	590
15	Wuhan, Hubei	Wuhan Blue City	Residence and commercial	63,060	3,218	6,313	5,789	444
16	Wuhan, Hubei	Wuhan Gemdale • North Star China Chic	Residence	1,056	184	184	814	-

No.	Location	Project	Mode of operation	Saleable area (square meter)	Sold (including pre-sold) area (square meter)	Booked area (square meter)	Booked revenue	Area to be booked at the end of the Reporting Period (square meter)
17	Wuhan, Hubei	Wuhan North Star Peacock City Hangtian Mansion	Residence	35,922	56	257	145	348
18	Wuhan, Hubei	Wuhan North Star Jingkaiyou+ (Lot 067)	Residence and commercial	122,060	13,940	50,057	32,886	-
19	Wuhan, Hubei	Wuhan North Star Jindiyang Time	Residence and commercial	148,133	10,172	-	-	-
20	Hangzhou, Zhejiang	Hangzhou North Star Shushan Project	Residence and commercial	7,304	430	240	821	190
21	Hangzhou, Zhejiang	Hangzhou Guosongfu	Residence	-	-	-	132	-
22	Hangzhou, Zhejiang	Hangzhou Lingchao Mansion	Residence	800	640	597	2,444	159
23	Hangzhou, Zhejiang	Hangzhou North Star Chenchun Lancheng	Residence	56,180	5,247	-	-	9,161
24	Ningbo, Zhejiang	Ningbo Beichenfu	Residence	7,873	363	891	2,482	-
25	Ningbo, Zhejiang	Ningbo Mansion • Jintian	Residence and commercial	147	-	-	500	-
26	Yuyao, Zhejiang	Ningbo Xianglu Bay	Residence	39,075	19,605	93,093	174,643	-
27	Suzhou, Jiangsu	Suzhou Guanlan Mansion	Residence and commercial	108,466	19,708	21,122	35,232	10,321
28	Wuxi, Jiangsu	Wuxi Times City	Residence	136	136	-	-	-
29	Chengdu, Sichuan	Chengdu North Star Langshi Nanmen Lvjun	Residence and commercial	2,038	221	221	597	735
30	Chengdu, Sichuan	Chengdu North Star • Xianglu	Residence and commercial	602	-	362	796	-
31	Chengdu, Sichuan	Chengdu North Star • South Lake Xianglu	Residence	9,699	2,290	3,107	4,354	-
32	Chengdu, Sichuan	Chengdu North Star Royal Palace	Residence and commercial	9,415	3,955	6,457	13,058	-
33	Chengdu, Sichuan	Chengdu North Star Luming Mansion	Residence and commercial	47,337	35,757	44,868	77,553	743
34	Meishan, Sichuan	Sichuan North Star Guosongfu	Residence and commercial	34,202	17,566	26,953	17,363	583
35	Meishan, Sichuan	Sichuan North Star Longxitai	Residence and commercial	28,418	9,367	14,231	12,180	553
36	Langfang, Hebei	Langfang North Star Xianglu	Residence and commercial	54,270	23,705	42,131	45,729	580

No.	Location	Project	Mode of operation	Saleable area (square meter)	Sold (including pre-sold) area (square meter)	Booked area (square meter)	Booked revenue	Area to be booked at the end of the Reporting Period (square meter)
37	Hefei, Anhui	Hefei North Star CIFI Park Mansion • Luzhou	Residence and commercial	857	86	86	952	-
38	Yubei, Chongqing	Chongqing • Yuelai Mansion One	Residence and commercial	169,426	27,211	73,318	88,174	971
39	Yubei, Chongqing	Chongqing North Star Xianglu	Residence	54,717	22,781	64,937	108,991	3,535
40	Haikou, Hainan	North Star Mansion in Haikou	Residence and commercial	40,980	3,048	77,597	140,300	9,546
41	Haikou, Hainan	Haikou North Star Changxiu Shijia	Residence	13,609	11,392	74,330	84,026	4,088
42	Guangzhou, Guangdong	Guangzhou Lanting Xianglu (Lot 114)	Residence and commercial	38,522	27,768	-	-	-

*Note:*

During the Reporting Period, the Company achieved a total sales amount of RMB5.278 billion with a sales area of 341,454 square meters; the booked revenue was RMB12.905 billion and the settlement area was 895,058 square meters; the area to be booked as at the end of the Reporting Period was 117,631 square meters.

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

Taking advantage of the economic recovery, the Company grasped the opportunities to promote each of the convention and exhibition business in a comprehensive manner, as a result, the revenue for the year has increased significantly. As for the commercial properties business, the Company made strenuous efforts in quality and efficiency improvement and achieved a stable operation.

### *(1) Convention and Exhibition (Including Hotels)*

**Successfully completing various major event assurances.** Capital Convention (Group) Co., Ltd. (“**Capital Convention**”), a subsidiary of the Company, has completed a series of major event service assurance tasks at a high quality, including the third “Belt and Road” Forum for International Cooperation, the first China-Central Asia Summit, the Main Media Center of Hangzhou Asian Games and Asian Para Games, the Zhongguancun Forum Exhibition (Science and Technology Fair), the Annual Conference of Financial Street Forum 2023, the World Geothermal Congress 2023, the Global Sustainable Transport Forum (2023), the 16th China-LAC Business Summit, Beijing CPPCC, Beijing Xiangshan Forum, the 20th Annual Meeting of International Finance Forum (IFF). “North Star Service” was well received by various parties, which further enhanced our brand influence and recognition.

**Actively expanding the upstream business of convention and exhibition.**

As a professional operator of the China International Fair for Trade in Services (“CIFTIS”), Capital Convention promoted the market-oriented operation and service assurance work of CIFTIS 2023 to a new level with cash income and in-kind sponsorship hitting a record high in the past three years. Among them, the exhibition area reached 155,000 square meters, 83 countries and international organizations organized exhibitions and conferences, and more than 2,400 companies attended the CIFTIS offline, including over 500 of the world’s top 500 companies and industry-leading enterprises, with an overall internationalization rate exceeding 20%. An aggregate of over 200 summits, thematic forums, business negotiations and other conference activities, as well as more than 70 launch events of various types were held. It has also obtained more than 1,100 achievements of various kinds and received approximately 280,000 visitors and 207 groups. In addition, Capital Convention accelerated the expansion of the upstream business of convention and exhibition. During the Reporting Period, it successfully organized the 17th ISPO Beijing 2023, the first large-scale exhibition in Beijing in 2023, as well as the China Refrigeration Expo 2023, the 2nd Beijing International Art and Designer Toy Show, the Direct Sales Season from Beijing State-owned Enterprises, and the First International Congress of Basic Science, and is actively organizing the World Gas Conference 2025 (WGC2025). Meanwhile, it won the bid for the third China-Africa Economic and Trade Expo project, provided assistance for the Swift International Banker’s Operation Seminar (Sibos 2024) to be held in Beijing, and organized innovative events such as the Beijing International Medical Beauty Industry Development and Products Expo and China Fencing Club League National Tournament.

**Steadily pushing forward management output business.** The Company continued to promote the operation and management output of exhibition venues and hotel brands. During the Reporting Period, the Company entered into new agreements in relation to the entrusted management of about 10 venues and hotels in Qingdao, Guangzhou, Lishui, Zhengzhou, Nanjing, Beijing, Langfang, Tonghua and Chongqing, etc. To date, the Company has expanded its convention and exhibition venues and hotel management output business into 28 cities across China, covering Beijing-Tianjin-Hebei, Guangdong-Hong Kong-Macao, Chengdu-Chongqing and other important strategic development areas in China, and owns 62 venues and hotel consultancy projects and 55 entrusted venues and hotel management projects, with a total area of 4.65 million square meters under entrusted management, enabling the Company to continuously expand its market share and maintain its leading position in the industry.

**Table 4: Convention and exhibition venues and hotel projects under entrusted management of the Company as of the end of the Reporting Period**

No.	Location	Name
1	Beijing City	Beijing Jinhai Lake International Convention & Exhibition Center
2		Shougang Convention & Exhibition Center
3		Main Venue Project of Zhongguancun Forum Permanent Venue
4	Zhangjiakou City, Hebei Province	Chongli International Convention & Exhibition Center
5		V-Continent Chongli Garden-style Hotel
6		North Star V-Continent Zhangjiakou Crown Hotel
7		North Star V-Continent Wanquan Crown Hotel
8		North Star V-Continent Huai'an Garden-style Hotel
9	Shijiazhuang City, Hebei Province	Shijiazhuang International Convention & Exhibition Center
10	Xiong'an New District, Hebei Province	Xiong'an Convention & Exhibition Center
11		Xiong'an Convention Center Hotel
12	Langfang City, Hebei Province	North Star V-Continent Yongqing Crown Hotel
13		North Star V-Continent Yinfeng Crown Hotel
14	Zhuhai City, Guangdong Province	Zhuhai International Convention & Exhibition Center
15		North Star Zhuhai Jinye V-Continent Crown Hotel
16		Zhuhai V-Continent Athletes Apartment
17	Guangzhou City, Guangdong Province	Convention & Exhibition Project of Permanent Venue of International Finance Forum (IFF)
18	Huizhou City, Guangdong Province	North Star V-Continent Huidong Executive Apartment
19	Fuzhou City, Fujian Province	Fuzhou Digital China Convention & Exhibition Center
20	Lianyungang City, Jiangsu Province	Lianyungang Continental Bridge Convention Center
21		Ancillary hotels for Lianyungang Continental Bridge Convention Center

No.	Location	Name
22	Nanjing City, Jiangsu Province	Yangtze International Convention Center
23		Yangtze International Convention Center Hotel
24		Nanjing Biotech and Pharmaceutical Valley Business Center Project
25		V-Continent Nanjing Executive Apartment
26		Nanjing V-Continent Crown Hotel
27	Nantong City, Jiangsu Province	Nantong International Convention & Exhibition Center
28		Nantong V-Continent Crown Hotel
29	Taizhou City, Jiangsu Province	Taizhou China Medical City Exhibition Center
30	Guilin City, Guangxi Zhuang Autonomous Region	Guilin International Convention & Exhibition Center
31		Ancillary hotels for Guilin International Convention & Exhibition Center
32	Yinchuan City, Ningxia Hui Autonomous Region	Ningxia International Hall
33	Nyingchi City, Tibet Autonomous Region	V-Continent Nyingchi Hotel
34	Hangzhou City, Zhejiang Province	Hangzhou International Expo Center
35		Hangzhou International Expo Center North Star Hotel
36		Hangzhou Future Sci-Tech City Academic Exchange Center
37	Lishui City, Zhejiang Province	Lishui International Convention & Exhibition Center
38		Ancillary hotels for Lishui International Convention & Exhibition Center
39	Dezhou City, Shandong Province	Dezhou Tianqu Expo Plaza
40	Qingdao City, Shandong Province	Shanghe International Convention Center
41		Qingdao SCODA Pearl International Expo Center Complex (Hall A)
42	Weihai City, Shandong Province	Weihai International Economic and Trade Exchange Center
43		Weihai Chengtou Beichen Hotel

No.	Location	Name
44	Chengdu City, Sichuan Province	Conference Center of Chengdu Airport Industrial Service Zone Construction Project
45		Chengdu Airport Industrial Service Zone Construction Project Conference Center Hotel
46	Chongqing City	Chongqing BBMG V-Continent Crown Hotel
47		Chongqing BBMG V-Continent Crown Executive Apartment
48		Chongqing V-Continent China Communications City Crown Hotel
49	Wuhan City, Hubei Province	North Star V-Continent Wuhan China Communications City Crown Hotel
50	Changsha City, Hunan Province	North Star V-Continent Changsha China Communications International Center Crown Hotel
51	Zhengzhou City, Henan Province	Zhengzhou Central Culture District Culture Exchange Center and Convention Center
52		Ancillary hotels for Zhengzhou Central Culture District Culture Exchange Center and Convention Center
53	Tonghua City, Jilin Province	North Star V-Continent Tonghua Wanfeng Crown Hotel
54		Tonghua V-Continent Canchuang Crown Hotel
55	Yichun City, Jiangxi Province	North Star V-Continent Jiangxi Hongwei Crown Hotel

**Promoting industry development with continuous efforts.** The Company continued to foster the concentration of essential domestic and overseas convention and exhibition resources by setting up the Beijing Convention & Exhibition Vocational Innovation Development Center. It co-hosted the second International Events Economic Development Forum to facilitate international exchanges and collaboration within the industry, and published the “China Exhibition Index Report (2022)”.

## (2) Commercial Properties

**Improving operation with a multi-pronged approach.** Staying committed to the market-oriented approach, the Company strengthened its efforts in analysis, judgment and marketing to make flexible adjustments to its operating strategies for promotion of contract-signing with major clients, thereby effectively increasing its operating income. The Company has also established a sound performance appraisal system, pursuant to which it conducted appraisals at different grades and levels, which has stimulated operating vitality and promoted the improvement of its market-oriented operational standards. Moreover, the Company completed the renovation of the North Star New Space Urban Renewal Project. Positioned as a project “inheriting the memory of the times, catering to the needs of the people, and innovating the ways of life”, it has led to the sublease by well-known catering enterprises and leading technology enterprises.

**Continuing the optimization of professional management.** Beijing North Star Yue Property Service Company Limited (北京北辰悦物業服務有限公司) was established and a professional property management team was formed. Through such efforts, the Company has introduced talents for market-oriented property management and created North Star’s own high-end and quality property service brand, thereby promoting the professional management of the property services of the Company’s own assets, and realizing the enhancement of asset value.

**Table 5: Leasing of real estate during the Reporting Period**

*Unit: 0’000 Currency: RMB*

No.	Location	Project	Mode of operation	Construction area of the leased real estate (square meter)	Rental income of the leased real estate	Equity proportion (%)
1	No. 7 Tian Chen Dong Road, Chao Yang District, Beijing	China National Convention Center	Convention and exhibition	270,800	56,886	100
2	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Beijing International Convention Center	Convention and exhibition	58,000	9,996	100
3	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Bin Plaza	Office building	37,800	6,122	100
4	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Xin Plaza	Office building	40,900	5,449	100
5	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	North Star Times Tower	Office building	131,300	14,892	100
6	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	North Star Century Center	Office building	149,800	14,934	100
7	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Zhen Building Property	Office building	8,400	1,881	100
8	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Beijing Continental Grand Hotel	Hotel	42,000	12,869	100
9	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	National Convention Centre Hotel	Hotel	42,900	8,654	100
10	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	V-Continent Beijing Parkview Wuzhou Hotel	Hotel	60,200	15,915	100

No.	Location	Project	Mode of operation	Construction area of the leased real estate (square meter)	Rental income of the leased real estate	Equity proportion (%)
11	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	Intercontinental Beijing Beichen Hotel	Hotel	60,000	15,535	100
12	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Intercontinental Changsha	Hotel	79,200	18,141	100
13	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Yuan Apartment	Apartment	184,300	26,814	100
14	A13 Beiyuan Road, Chao Yang District, Beijing	B5 Commercial Area of North Star Green Garden	Commercial	49,700	3,408	100
15	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Changsha North Star Delta Joy City	Commercial	100,000	10,538	100
16	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Changsha North Star International Convention Centre	Convention and exhibition	39,100	5,149	100
17	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Changsha North Star International Hotel	Hotel	62,500	9,703	100
18	No. 9, Gaoxin 2nd Road, Hongshan District, Wuhan City, Hubei Province	Wuhan Guangguli	Commercial	29,600	3,037	51

*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 leased real estate represents the total construction area of the project;
3. The rental income of the leased real estate is the operating income of the project;
4. Construction area and operating income of North Star Times Tower have included the construction area and operating income of the Xincheli Shopping Centre commercial project;
5. The above-mentioned property items 2, 3, 7, 8, 10 and 13 are erected on land leased from Beijing North Star Industrial Group Limited Liabilities Company.

### 3. Financing

By optimizing the financing structure and expanding financing channels on an ongoing basis, the Company gained access to sufficient and stable fundings via multiple means, thereby guaranteeing the security and stability of its capital chain. It also continued to strengthen cash management and control, increase capital utilization efficiency and enhance debt management and control, so as to ensure that the asset-liability ratio is maintained at a reasonable level.

**Table 6: Financing of the Company during the Reporting Period***Unit: 0'000 Currency: RMB*

<b>Total financing amount as at the end of the period</b>	<b>Overall average financing cost (%)</b>	<b>Interest capitalised</b>
2,402,526	4.40	51,187

### **III. MAJOR BUSINESS CONDITIONS DURING THE REPORTING PERIOD**

In 2023, the Company recorded an operating revenue of RMB15,751,478,000, representing a year-on-year increase of 21.27%. The Company's profit before tax and profit attributable to ordinary shareholders amounted to RMB1,076,351,000 and RMB140,407,000, realizing a turnaround from loss to profit. The after-tax core operating results of the Company's principal activities (excluding losses arising from the changes in fair value) were RMB268,846,000, representing a year-on-year increase of 120.17%.

In particular, the real estate development segment was affected by the increase in settlement area with operating income amounting to RMB12,904,732,000 (including parking spaces) during the Reporting Period, representing an increase of 17.70% on a year-on-year basis, while the profit before tax amounted to RMB588,578,000, realizing a turnaround from loss to profit and representing an increase of RMB1,196,727,000 year-on-year. During the Reporting Period, operating income from the convention and exhibition (including hotels) and commercial properties segment reached RMB2,649,089,000, representing a year-on-year increase of 40.78%, while the profit before tax amounted to RMB469,559,000, realizing a turnaround from loss to profit and representing an increase of RMB565,038,000 year-on-year. The loss (before taxation) on changes in fair value of investment properties during the Reporting Period was RMB180,599,000. Profits per share were RMB0.0417.

## **IV. THE COMPANY'S DISCUSSION AND ANALYSIS OF FUTURE DEVELOPMENT OF THE COMPANY**

### **(I) Industry Landscape and Trend**

In 2024, by adhering to the general principle of seeking progress while maintaining stability, China will fully, accurately and comprehensively implement new development philosophy, accelerate the construction of a new development pattern and make efforts to promote high-quality development. In addition, the government will step up the counter-cyclical and cross-cyclical macro control policies, coordinate measures to boost domestic demand and deepen the supply-side structural reform to effectively enhance economic vitality, prevent and resolve risks and improve social expectations. All these efforts are geared towards underpinning and consolidating the trend of economic recovery and growth, as well as continuously driving the effective improvement of quality and reasonable growth of quantity in the economy.

For the real estate development business, China will adjust and optimize the real estate policies in a timely manner to adapt to the new situation arising out of the major changes in the demand-supply relationship in the real estate market. The policy toolkit shall be well utilized with city-specific policies to better meet residents' essential housing demand as well as demand for improved homes and advance the steady and healthy development of the real estate market.

For convention and exhibition (including hotels) and commercial properties, China will regulate and develop the long-term rental housing market and reduce the tax burden on rental housing, providing a sound policy environment for the apartment market. In this regard, the Ministry of Commerce issued the 14th Five-Year Plan for Commerce Development (《“十四五”商務發展規劃》), which proposed to perfect the development and coordination mechanism for the convention and exhibition industry, improve regional exhibition platform, create high-level, professional and market-oriented brand exhibitions as well as developing an exhibition model that integrates online and offline businesses. The Implementation Plan of Cultivating and Establishing Beijing as an International Consumption Center (2021-2025) (《北京培育建設國際消費中心城市實施方案(2021 – 2025 年)》) was released, which proposed to expedite the development of Beijing as an international consumption center during the 14th Five-Year period. In addition, the National Development and Reform Commission issued the 14th Five-Year Strategic Implementation Plan for Expanding Domestic Demand (《“十四五”擴大內需戰略實施方案》), which proposed to comprehensively boost consumption and proactively develop service consumption. On this basis, the convention and exhibition, hotels, office buildings and commercial properties businesses will have more room and opportunities for development.

## (II) Development Strategy of the Company

Maintaining a firm confidence in its development, the Company will coordinate high-quality development with high-level security and render full support for establishing Beijing, the capital, as an international exchange center and an international consumption center. It will also propel the digital transformation of industries and accelerate the development of a new industry pattern featuring mutual support, complementary advantages and coordinated development, in a bid to push forward the high-quality development of the Company.

### 1. *Real Estate Development*

The Company will continue to strengthen the overall planning by adhering to the principle of preventing risks while ensuring safety to stabilize the fundamentals for high-quality development. While **increasing its efforts in analysis and research** with a close eye on changes in the industry and market conditions, the Company will take active actions and leverage its own certainty to cope with the uncertainties arising from changes in the external environment and ensure stability throughout industry cycles. Besides, the Company will **optimize its product supply** in response to market demand with a focus on enhancing the core competitiveness of its products and establishing a real estate brand with its own characteristics. Furthermore, the Company will **enhance the operation and management standards**. It will improve the compliance and internal control system and strengthen the risk management and control over all processes. Quality inspection will be strengthened and safety responsibilities will be implemented to ensure the smooth delivery of projects on time, and more efforts will be devoted to the collection of sales proceeds to ensure the virtuous cycle of income and expenditure. The Company will optimize the assets held to enhance the value of the assets, and will carry out research on high-quality land parcels and maintain reasonable control over the scale of its land reserve. The Company will **innovate the development models** and deepen the study on the investment standards of “Convention and Exhibition + Property” projects as well as the implementation of the corresponding supporting measures, aiming to continuously promote industrial transformation and upgrade with a focus on the urban development of Beijing into an international consumption center.

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

The Company will focus on serving the overall national plans, the functional construction of the “four centers” of the capital city and the comprehensive development of the city’s industries, and take the lead in the development of the convention and exhibition industry, striving to develop an international first-class convention and exhibition brand. Meanwhile, it will propel the creation of new momentum for high-quality development of convention and exhibition, and drive the synergistic development of hotels, office buildings, apartments, integrated commercial and other businesses, with an aim to build a competitive commercial property management brand in the industry.

In respect of the convention and exhibition business segment, the Company will **firmly press on with the implementation of its strategies**. Adhering to the goal of developing an international first-class convention and exhibition brand, the Company will actively promote the digital transformation of the industry and the construction of smart venues, so as to further enhance the momentum of development of the convention and exhibition industry. In addition, the Company will **accelerate the development of layout of the whole industry chain**. In tandem with the expansion of the upstream convention and exhibition business in multiple fields through diversified channels, it will vigorously introduce international exhibitions to increase the quantity and scale of such exhibitions with improved quality, striving to enhance its initiative across the industry chain. Meanwhile, it will also strengthen the standardization of venue management to further improve the management quality and consolidate its advantages of management, with an objective of building up the brand characteristics and management standards of its hotels and hence increasing the number and scale of hotels under entrusted management on a continuous basis. The Company will promote the research and consultancy business of convention and exhibition through innovation with a focus on building a professional think tank for the industry. Furthermore, the Company will **continue to optimize the group management model**. It will improve the market-oriented operation mechanism to give better play to the functions of Capital Convention in terms of management, resources and business coordination, thereby promoting the enhancement of efficacy, efficiency and effectiveness. The Company will strive to optimize and strengthen the existing business, and endeavor to expand the incremental business with a view to creating greater value and realizing more output value.

In respect of the commercial properties segment, taking Beijing North Star Commercial Management Co., Ltd. (北京北辰商業管理有限公司) (“**North Star Commercial Management**”) as the platform, the Company aspires to establish itself as a leading domestic brand and enterprise for the operation and management of public building and industrial parks-related assets with a focus on the business of offices, apartments and business parks. It will also deeply explore the value of the special assets, including hotels, industrial parks and cultural parks, and continue to consolidate resources allocation, scientifically optimize the management structure, improve and innovate the management models, and strengthen its efforts in building a professional team. Moreover, while increasing the occupancy rate of the office buildings, the Company will accelerate the development of alliances for cooperation to jointly promote development and cooperation. It will optimize and extend the product lines of hotel and apartments, with a view to creating professional, differentiated and specialized products, and enhancing the service quality. Proactive efforts will be made in the research and planning of transformation plans to promote the upgrade of quality of the business parks, and stimulate development potentials of the region. In addition to exploring the expansion of new businesses and pushing forward the construction of smart parks, the Company will nurture its own property management team and promote the growth of the property management company in terms of both scale and strength, thereby gradually realizing centralized and independent management of assets and properties held by Capital Convention and Beijing North Star Real Estate Group Co. Limited by such means as brand export, entrusted management, light asset operation. These efforts will also contribute to the building of a property management system with North Star’s characteristics, setting up a new benchmark for the commercial property management market in the Asian-Olympic district in Beijing, and promoting the group-based operation of the Company with professional management and diversified development.

### **3. *Financing and Capital Expenditure***

Taking into account the market and industry policy changes, the Company will, with a focus on capital arrangement, step up its efforts in capital planning. It will make full use of the “headquarters financing” model to expand its financing channels, while at the same time strengthening its management and control over liabilities and enhancing the operational efficiency. The Company will reduce its expenses and pay attention to the quality of collection of sales proceeds, strengthen cash flow management, improve the Company’s overall risk resistance and operational resilience and increase the margin of safety of funds, thereby ensuring the stability of the capital chain.

In 2024, the Company’s estimated fixed asset investment is RMB240 million, the payment of which will be made according to the construction progress while the source of which will be internal funds.

### **(III) Scheme of Operations**

In 2024, it is estimated that the area for new and resumed construction will be 1,795,400 square meters and the completed area will be 676,400 square meters. Overcoming the impact of the regulation policy on the real estate industry, in 2024, the Company will strive to achieve sales of 790,900 square meters with contracts signed (including parking spaces) amounting to RMB10.700 billion.

As for convention and exhibition (including hotels) and commercial properties, the Company will innovate the business development models while upgrading the existing operational service abilities, strengthen the brand impact on upstream and downstream industry chains, and actively cultivate new performance growth points.

### **(IV) Potential Risks Faced**

#### **1. *Policy Risk***

The development of the real estate industry is closely related to the direction of national policies. Despite the relaxation of current industry policies, China will continue to adhere to the keynote of “housing for living instead of speculation”. The subsequent regulatory policies and credit environment may be subject to further adjustment, 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, so as to enhance the sustainable development potential of the real estate development business, and improve its comprehensive competitiveness.

#### **2. *Market Risk***

The differentiation in the real estate market continues to sustain and competition for popular cities and certain prime land parcels among real estate enterprises has become intensively fierce. Land transaction prices remain high, driving up development costs. The large proportion of land costs and the difficulty in increasing selling price poses certain risks on enterprises in finance and capital position as well as operational stability.

In response to the aforesaid risks, the Company will pay close attention to the development trend of the market, and select cities and regions in which market is mature with a favorable investment atmosphere and a relatively rational net inflow of population and housing price-to-income ratio. The Company will continuously optimize development strategies and maintain an appropriate scale, and be committed to strengthening professional management to shorten the development cycle, accelerate the turnover rate, and improve the cash recovery rate, avoiding market risks.

### **3. *Risks of Talent Reserve***

As the Company has established North Star Commercial Management in recent years and steadily advanced the entrusted management of the convention and exhibition venues and hotels and other businesses, it has led to soaring demands for all kinds of talents, especially people with expertise and senior management personnel. The Company may be exposed to the risk of talent shortage in the near future.

In response to the aforesaid risks, the Company will proactively develop a work pattern of “Great Talent” with a focus on the urgently needed talents for high-quality corporate development. It will strengthen the overall planning for the sources of talent introduction and continue to attract and gather talents through a variety of channels and means, such as the launch of the “Excellence Training Programme”, school-enterprise cooperation and market-oriented selection of professional managers. While continuously refining and improving the system and mechanism that are conducive to the growth of young cadres and talents, the Company will step up its efforts in nurturing a pool of young cadres and talents, and enhance the targeted education and training as well as purposeful practical exercises based on the development needs of various sectors and industries, including the convention and exhibition industry, real estate industry and commercial property sector. In addition, consistent efforts will be devoted to boosting the professional competence of dedicated talents in each business line and the integrated management capability of composite cadres in various segments, in an endeavor to build a high-quality and professional cadre talent team.

## **FINANCIAL RESOURCES AND LIQUIDITY**

As at 31 December 2023, the equity attributable to ordinary shareholders of the Company amounted to RMB19,544,170,000, representing an increase of 0.68% as compared to 31 December 2022.

The Group’s bank and other borrowings as at 31 December 2023 amounted to RMB13,070,127,000. As at the end of the year, net values of the Group’s 5-year corporate bonds, 3-year corporate bonds and 5-year medium-term notes were RMB2,852,459,000, RMB599,072,000 and RMB3,925,958,000, respectively. The net values of asset-backed securities were RMB3,577,647,000 at the end of the year.

Current assets of the Group, which mainly comprised cash at bank and on hand, completed properties held for sale and properties under development, amounted to RMB43,677,842,000, whereas the current liabilities amounted to RMB20,058,286,000. As at 31 December 2023, balances of cash at bank and on hand amounted to RMB8,505,482,000 (excluding restricted bank deposits) and none of the bonds in issue were exposed to redemption and payment risks. During the year, the Company did not engage in any transaction on financial products or derivative instruments.

As at 31 December 2023, the Group had secured borrowings from banks and other financial institutions of RMB12,901,985,000 with certain investment properties, hotel properties, 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 66% as at the end of the Reporting Period (31 December 2022: 70%).

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

The Group has arranged bank financing for certain buyers of property units and provided repayment guarantee for such buyers. The above phased guarantees will not have a material impact on the financial position of the Group. The amount of outstanding phased guarantees as at 31 December 2023 was RMB7,137,252,000 (31 December 2022: RMB10,979,240,000).

## **PROVISION FOR IMPAIRMENT**

During the Reporting Period, after having comprehensively taken into account the market conditions of the real estate project location, project positioning, development and sales plans and other factors, the Company conducted the impairment tests on the net realisable value of its projects, and made provision for the impairment of inventories whose cost is higher than its net realisable value. As confirmed by the test, the Company is required to make provision for the impairment of inventories for real estate projects of RMB637 million.

The Group accounts for its credit risk by appropriately providing for expected losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data. Based on the assessment and analysis, the Group is required to make provision for impairment losses on financial assets of RMB260 million in 2023.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **DESIGNATED DEPOSITS AND OVERDUE FIXED DEPOSITS**

As at 31 December 2023, the Group had no designated deposits placed with financial institutions in the PRC. All of the Group's cash deposits are placed with commercial banks in the PRC and are in compliance with applicable laws and regulations. The Group has not experienced any incidents of not being able to withdraw bank deposits upon maturity.

## EMPLOYEES

As at 31 December 2023, the Company had 5,290 employees. The employee remuneration policy of the Company is that the total salary is paid with reference to its economic efficiency. Save for the remuneration policy disclosed above, the Company did not provide any share option scheme for its employees. The Company regularly provides its management personnel with trainings on various subjects, including operation management, foreign languages, computer skills, industry know-how and policies and laws. The trainings are provided in different forms, such as seminars, site visits and field trips.

## CORPORATE GOVERNANCE CODE

The Company strives to maintain and establish a high level of corporate governance, and the Company had fully complied with the codes and provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during the year.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. 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 year.

## AUDIT COMMITTEE

The Company has established an audit committee of the Board (the “**Audit Committee**”) since September 2004. The Audit Committee comprises three independent non-executive directors, namely Mr. CHEN De-Qiu (as chairman), Dr. CHOW Wing-Kin, Anthony and Mr. GAN Pei-Zhong. Their duties include reviewing and supervising the Company’s financial reporting process, risk management and internal control systems. The Audit Committee and the management have jointly reviewed the accounting principles and major policies adopted by the Group and have discussed matters on auditing, risk management, internal control and financial reporting, including reviewing the unaudited interim financial report and the audited annual financial statements of the Group. The Audit Committee has also reviewed the annual results and draft financial statements of the Group for the year ended 31 December 2023.

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

Beijing, the PRC, 21 March 2024

*As at the date of this announcement, the Board comprises seven directors, of which Mr. LI Wei-Dong, Ms. LIANG Jie, Mr. YANG Hua-Sen and Ms. ZHANG Wen-Lei 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.*