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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)

## **2021 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 2021 (the “**Reporting Period**”) as set out below:

## CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	<b>Year ended 31 December</b>	
		<b>2021</b>	<b>2020</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Revenue	2	<b>22,094,296</b>	17,995,842
Cost of sales	3	<b>(18,476,821)</b>	(14,764,210)
<b>Gross profit</b>		<b>3,617,475</b>	3,231,632
Selling and marketing expenses	3	<b>(612,923)</b>	(539,461)
Administrative expenses	3	<b>(977,552)</b>	(848,839)
Net (provision for)/reversal of impairment losses on financial assets		<b>(33,283)</b>	6,510
Other income and losses – net		<b>(91,289)</b>	(223,432)
<b>Operating profit</b>		<b>1,902,428</b>	1,626,410
Finance income	4	<b>138,091</b>	172,289
Finance expenses	4	<b>(698,613)</b>	(472,546)
Finance expenses – net	4	<b>(560,522)</b>	(300,257)
Share of net profit of investments accounted for using the equity method		<b>239,308</b>	186,427
<b>Profit before income tax</b>		<b>1,581,214</b>	1,512,580
Income tax expense	5	<b>(1,349,879)</b>	(1,042,383)
<b>Profit for the year</b>		<b>231,335</b>	470,197

## CONSOLIDATED INCOME STATEMENT (CONTINUED)

		Year ended 31 December	
		2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit for the year</b>		<u>231,335</u>	<u>470,197</u>
<b>Attributable to:</b>			
Ordinary shareholders of the Company	6	197,051	21,658
Holders of perpetual bond		137,783	143,530
Non-controlling interests		<u>(103,499)</u>	<u>305,009</u>
		<u>231,335</u>	<u>470,197</u>
<b>Earnings per share attributable to ordinary shareholders of the Company (basic and diluted) (expressed in RMB cents per share)</b>	6	<u>5.85</u>	<u>0.64</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2021	2020
Note	RMB'000	RMB'000
<b>Profit for the year</b>	<b>231,335</b>	<b>470,197</b>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurement of post-employment benefit obligations	<u>7,920</u>	<u>3,623</u>
<b>Other comprehensive income for the year, net of tax</b>	<u><b>7,920</b></u>	<u><b>3,623</b></u>
<b>Total comprehensive income for the year</b>	<u><b>239,255</b></u>	<u><b>473,820</b></u>
<b>Attributable to:</b>		
Ordinary shareholders of the Company	<b>204,971</b>	25,281
Holders of perpetual bond	<b>137,783</b>	143,530
Non-controlling interests	<u><b>(103,499)</b></u>	<u>305,009</u>
	<u><b>239,255</b></u>	<u><b>473,820</b></u>

# CONSOLIDATED BALANCE SHEET

	<i>Note</i>	<b>As at 31 December</b>	
		<b>2021</b>	<b>2020</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use assets		<b>455,018</b>	467,600
Investment properties		<b>16,709,399</b>	15,344,734
Property, plant and equipment		<b>2,673,788</b>	2,392,887
Investments accounted for using the equity method		<b>635,736</b>	541,853
Deferred income tax assets		<b>1,246,143</b>	1,263,905
Other receivables and prepayments	8	<b>1,409,524</b>	327,715
		<b>23,129,608</b>	20,338,694
<b>Current assets</b>			
Properties under development		<b>30,057,808</b>	42,427,185
Completed properties held-for-sale		<b>15,625,663</b>	13,971,935
Other inventories		<b>42,473</b>	40,594
Trade and other receivables and prepayments	8	<b>4,790,930</b>	5,105,636
Restricted bank deposits		<b>1,761,332</b>	2,214,935
Cash and cash equivalents		<b>12,959,453</b>	10,830,539
		<b>65,237,659</b>	74,590,824
<b>Total assets</b>		<b>88,367,267</b>	94,929,518

# **CONSOLIDATED BALANCE SHEET (CONTINUED)**

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2021</b>	<b>2020</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term borrowings		<b>19,874,582</b>	22,373,226
Loans from other parties	9	<b>2,148,385</b>	2,658,262
Employee termination benefit obligations		<b>107,507</b>	114,240
Deferred income tax liabilities		<b>2,165,575</b>	2,121,516
Lease liabilities		<b>14,543</b>	20,066
Deferred income		<b>27,748</b>	2,743
		<b>24,338,340</b>	27,290,053
<b>Current liabilities</b>			
Trade and other payables	9	<b>11,081,261</b>	10,386,752
Loans/advances from other parties	9	<b>3,240,608</b>	5,210,695
Contract liabilities	2	<b>12,088,726</b>	17,882,773
Current income tax liabilities		<b>2,147,373</b>	2,409,342
Lease liabilities		<b>32,280</b>	30,945
Current portion of long term borrowings		<b>9,632,587</b>	5,625,326
		<b>38,222,835</b>	41,545,833
<b>Total liabilities</b>		<b>62,561,175</b>	68,835,886
<b>Net assets</b>		<b>25,806,092</b>	26,093,632
<b>EQUITY</b>			
Share capital		<b>3,367,020</b>	3,367,020
Other reserves		<b>4,945,416</b>	4,868,600
Retained earnings		<b>12,623,410</b>	12,547,694
<b>Capital and reserves attributable to ordinary shareholders of the Company</b>		<b>20,935,846</b>	20,783,314
Perpetual bond		<b>1,018,241</b>	2,630,380
<b>Non-controlling interests</b>		<b>3,852,005</b>	2,679,938
<b>Total equity</b>		<b>25,806,092</b>	26,093,632

*Notes:*

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND 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 amendments for the first time for their annual reporting period commencing 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 – amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16

The amendments 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.

### **(b) New standards, amendments and interpretations not yet adopted**

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## 2. SEGMENT INFORMATION

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

The Board considers the business from product/service perspectives. From product/service perspectives, management assesses the performance of the segments of properties development and investment properties and hotels. Properties development is the segment which involves the sales of developed properties; investment properties and hotels is the segment which involves in operation of rental apartment, office buildings, conference centers and hotels.

Other segments of the Group mainly comprise businesses relating to property management, restaurant and recreation operations, 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 investment properties and hotels. Revenues recognised during the years ended 31 December 2021 and 2020 are as follows:

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>		
Properties development segment	<b>20,128,085</b>	16,156,245
Investment properties and hotels segment	<b>1,821,437</b>	1,738,134
	<b>21,949,522</b>	17,894,379
Other segments	<b>144,774</b>	101,463
	<b>22,094,296</b>	17,995,842

During the years ended 31 December 2021 and 2020, 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 2021</b>		
Properties development segment	<b>20,128,085</b>	–
Investment properties and hotels segment*	<b>63,628</b>	<b>464,813</b>
Other segments	<b>26,244</b>	<b>118,530</b>
	<b>20,217,957</b>	<b>583,343</b>

	<b>At a point in time</b>	<b>Over time</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Year ended 31 December 2020</b>		
Properties development segment	15,311,627	844,618
Investment properties and hotels segment*	153,291	212,078
Other segments	18,409	83,054
	15,483,327	1,139,750

\* Rental income from investment properties for the year ended 31 December 2021 of RMB1,292,996,000 (2020: RMB1,372,765,000) 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, restaurant and recreation operation, 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 2021 is as follows:

Business segment	Properties development <i>RMB'000</i>	Investment properties and hotels <i>RMB'000</i>	Other segments <i>RMB'000</i>	Total <i>RMB'000</i>
Total segment revenues	20,128,085	1,844,441	200,529	22,173,055
Inter-segment revenues	–	(23,004)	(55,755)	(78,759)
Revenues from external customers	20,128,085	1,821,437	144,774	22,094,296
Adjusted profit/(loss) before income tax	1,235,095	(150,318)	(83,937)	1,000,840
<i>Adjusted profit/(loss) before income tax is stated after (charging)/crediting the following:</i>				
Adjusted cost of sales or services rendered	(16,465,368)	(957,484)	(136,428)	(17,559,280)
Adjusted depreciation and amortisation	(102,692)	(224,087)	(8,277)	(335,056)
Finance income	34,667	1,978	57	36,702
Finance expenses	(354,212)	–	–	(354,212)
Share of net profit from investments accounted for using the equity method	238,509	799	–	239,308
Adjusted income tax expenses	(1,450,065)	37,579	1,214	(1,411,272)

## 2. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Board for the reportable segments for the year ended 31 December 2020 is as follows:

Business segment	Properties development <i>RMB'000</i>	Investment properties and hotels <i>RMB'000</i>	Other segments <i>RMB'000</i>	Total <i>RMB'000</i>
Total segment revenues	16,156,245	1,779,342	139,991	18,075,578
Inter-segment revenues	—	(41,208)	(38,528)	(79,736)
Revenues from external customers	16,156,245	1,738,134	101,463	17,995,842
Adjusted profit/(loss) before income tax	1,592,006	94,206	(81,184)	1,605,028
<i>Adjusted profit/(loss) before income tax is stated after (charging)/crediting the following:</i>				
Adjusted cost of sales or services rendered	(12,607,527)	(953,244)	(123,327)	(13,684,098)
Adjusted depreciation and amortisation	(24,572)	(269,944)	(4,897)	(299,413)
Finance income	60,820	5,078	249	66,147
Finance expenses	(99,159)	—	—	(99,159)
Share of net profit from investments accounted for using the equity method	186,427	—	—	186,427
Adjusted income tax expenses	(1,169,399)	(19,527)	—	(1,188,926)

## 2. SEGMENT INFORMATION (CONTINUED)

The segment information as at 31 December 2021 and 2020 is as follows:

<b>Business segment</b>	<b>Properties development <i>RMB'000</i></b>	<b>Investment properties and hotels <i>RMB'000</i></b>	<b>Other segments <i>RMB'000</i></b>	<b>Total <i>RMB'000</i></b>
<b>As at 31 December 2021</b>				
Total segment assets	58,812,728	10,882,004	104,551	69,799,283
Total segment assets include:				
Investments accounted for using the equity method	632,487	3,249	–	635,736
Additions to non-current assets (other than deferred income tax assets)	48,194	2,034,812	41,236	2,124,242
Total segment liabilities	47,706,581	1,678,981	175,484	49,561,046
Contract liabilities	<u>11,827,421</u>	<u>251,654</u>	<u>9,651</u>	<u>12,088,726</u>
<b>As at 31 December 2020</b>				
Total segment assets	70,510,659	7,388,960	113,103	78,012,722
Total segment assets include:				
Investments accounted for using the equity method	541,853	–	–	541,853
Additions to non-current assets (other than deferred income tax assets)	1,033,904	202,329	18,908	1,255,141
Total segment liabilities	58,036,392	1,351,221	159,516	59,547,129
Contract liabilities	<u>17,760,366</u>	<u>118,171</u>	<u>4,236</u>	<u>17,882,773</u>

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.

As at 31 December 2021, 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 descend of 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.

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Properties development	15,749,391	13,644,618
Investment properties and hotels	104,206	101,576
Other segments	1,373	19,966
	<u>15,854,970</u>	<u>13,766,160</u>

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

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Adjusted profit before income tax for reportable segments</b>	<b>1,000,840</b>	<b>1,605,028</b>
Corporate overheads	(195,879)	(180,443)
Corporate finance expense	(334,742)	(367,563)
Corporate finance income	101,389	106,142
Provision for impairment losses on financial assets	(21,249)	—
Other income	16,345	—
Other losses – net	(1,459)	(3,263)
Fair value losses on investment properties	(134,226)	(294,452)
Reversal of depreciation and impairment of investment properties	310,461	153,403
Land appreciation tax	839,734	493,728
<b>Profit before income tax</b>	<b><u>1,581,214</u></b>	<b><u>1,512,580</u></b>

## 2. SEGMENT INFORMATION (CONTINUED)

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

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Total segment assets</b>	<b>69,799,283</b>	78,012,722
Deferred income tax assets at corporate level	960,124	940,304
Corporate cash	7,497,052	7,275,439
Accumulated fair value gains on investment properties	5,792,146	5,926,372
Reversal of accumulated depreciation and impairment of investment properties	2,870,154	2,559,693
Corporate loan advanced to joint ventures and an associate	1,436,573	179,310
Other corporate current assets	11,935	35,678
<b>Total assets per consolidated balance sheet</b>	<b>88,367,267</b>	94,929,518
<b>Total segment liabilities</b>	<b>49,561,046</b>	59,547,129
Deferred income tax liabilities at corporate level	2,165,575	2,121,516
Corporate borrowings	7,947,941	5,307,891
Other corporate liabilities	2,886,613	1,859,350
<b>Total liabilities per consolidated balance sheet</b>	<b>62,561,175</b>	68,835,886

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 RMB167,920,000 (2020: RMB143,820,000).

The reconciliation between reportable segment income tax expenses and total income tax expenses is amounting to RMB61,393,000 (2020: RMB146,543,000), 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.

## 2. SEGMENT INFORMATION (CONTINUED)

The Company and its subsidiaries were incorporated in the PRC and all the revenue from external customers of the Group for the years ended 31 December 2021 and 2020 are derived in the PRC.

At 31 December 2021 and 2020, 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 derived from any specific external customers for the years ended 31 December 2021 and 2020.

## 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	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation of property, plant and equipment and right-of-use assets	167,136	155,297
Provision of impairment for properties under development and completed properties held for sale	669,089	890,978
Provision of impairment for a hotel property	78,961	–
Provision of prepaid costs to obtain customer contracts	–	3,573
Employee benefit expense	1,097,897	919,124
Advertising costs	76,718	125,745
Cost of properties sold	16,465,368	12,607,527
Cost of goods sold and consumables used	211,224	221,625
Taxes and levies (other than income tax expenses)	343,158	338,964
Office and consumable expenses	137,220	84,565
Management fee	123,545	111,041
Energy and utilities expenses	87,490	103,960
Consulting and service expenses	405,156	329,191
Repair and maintenance expenses	83,624	82,586
Short-term leases	9,772	15,859
Auditor's remuneration	7,240	7,240
Exhibition construction fee	28,430	104,234
Others	75,268	51,001
	<u>20,067,296</u>	<u>16,152,510</u>

#### 4. FINANCE INCOME AND EXPENSES

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expenses:		
– bank and other borrowings	(1,614,811)	(1,882,690)
– bonds and medium term notes	<u>(258,256)</u>	<u>(279,489)</u>
	<u>(1,873,067)</u>	<u>(2,162,179)</u>
Less: amounts capitalised in properties under development and hotel properties at a capitalisation rate of 5.72% (2020: 6.29%) per annum	<u>1,184,114</u>	<u>1,695,457</u>
	(688,954)	(466,722)
Bank charges and others	<u>(9,659)</u>	<u>(5,824)</u>
Finance expenses	(698,613)	(472,546)
Finance income – interest income	<u>138,091</u>	<u>172,289</u>
Finance expenses – net	<u><u>(560,522)</u></u>	<u><u>(300,257)</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% (2020: 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	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Current income tax</b>		
– PRC enterprise income tax	<b>448,324</b>	509,216
– PRC land appreciation tax	<b>839,734</b>	493,728
<b>Deferred income tax</b>	<b>61,821</b>	39,439
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	<b>1,349,879</b>	1,042,383
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## 5. INCOME TAX EXPENSES (CONTINUED)

The tax on the Group's profit 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	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before income tax expense	1,581,214	1,512,580
Less: share of net profit of investments accounted for using the equity method	(216,831)	(176,265)
	<b>1,364,383</b>	1,336,315
Tax calculated at the statutory tax rate of 25% (2020: 25%)	341,096	334,079
Expenses not deductible for tax purposes	11,830	10,667
Tax losses not recognised	177,401	122,456
Temporary differences not recognised	173,115	169,552
Effect of the land appreciation tax in the PRC	629,801	370,296
Utilisation of previously unrecognised tax losses	(17,555)	(388)
Others ( <i>Note</i> )	34,191	35,721
Income tax expenses	<b>1,349,879</b>	<b>1,042,383</b>

*Note:*

Following the strict control in the real estate industry in 2021 and 2020, 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 RMB34,191,000 (2020: RMB35,721,000) were derecognised in 2021.

## 6. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Company by the number of shares in issue during the year.

Diluted earnings per share are equal to the basic earnings per share since the Company has no potential dilutive ordinary shares during the years ended 31 December 2021 and 2020.

	Year ended 31 December	
	2021	2020
Profit attributable to ordinary shareholders of the Company ( <i>RMB'000</i> )	<u>197,051</u>	<u>21,658</u>
Number of ordinary shares in issue ( <i>thousands</i> )	<u>3,367,020</u>	<u>3,367,020</u>
Earnings per share (basic and diluted) ( <i>RMB cents per share</i> )	<u><u>5.85</u></u>	<u><u>0.64</u></u>

## 7. DIVIDENDS

The dividends paid in 2021 are RMB101,011,000 (2020: RMB505,053,000). Proposed dividends of 2021 and 2020 were as follows:

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
2021 proposed final dividend of RMB0.01 (2020: RMB0.03) per share	<u><u>33,670</u></u>	<u><u>101,011</u></u>

## 7. DIVIDENDS (CONTINUED)

The Board recommended the payment of a 2021 final dividend of RMB0.01 per ordinary share. Total amount of the 2021 final dividend would be RMB33,670,000 which is calculated according to the ordinary shares in issue as of 31 December 2021. Such dividend is subject to approval by the shareholders at the 2021 Annual General Meeting. These consolidated financial statements do not reflect this dividend payable.

## 8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December					
	Current RMB'000	2021 Non-current RMB'000	Total RMB'000	Current RMB'000	2020 Non-current RMB'000	Total RMB'000
Trade and other receivables (a)	2,333,713	1,361,232	3,694,945	2,312,203	272,202	2,584,405
Prepayments	2,457,217	48,292	2,505,509	2,793,433	55,513	2,848,946
	<u>4,790,930</u>	<u>1,409,524</u>	<u>6,200,454</u>	<u>5,105,636</u>	<u>327,715</u>	<u>5,433,351</u>

### (a) Trade and other receivables

	As at 31 December					
	Current RMB'000	2021 Non-current RMB'000	Total RMB'000	Current RMB'000	2020 Non-current RMB'000	Total RMB'000
Trade receivables(i)	101,557	–	101,557	191,398	–	191,398
Less: provision for impairment of trade receivables	(47,217)	–	(47,217)	(37,507)	–	(37,507)
Trade receivables – net	<u>54,340</u>	<u>–</u>	<u>54,340</u>	<u>153,891</u>	<u>–</u>	<u>153,891</u>
Receivables due from related parties	1,787,131	1,289,564	3,076,695	980,216	161,205	1,141,421
Receivables due from non- controlling interests	176,832	–	176,832	860,685	–	860,685
Other receivables	335,716	93,648	429,364	335,403	111,717	447,120
	<u>2,299,679</u>	<u>1,383,212</u>	<u>3,682,891</u>	<u>2,176,304</u>	<u>272,922</u>	<u>2,449,226</u>
Less: provision for impairment of other receivables	(20,306)	(21,980)	(42,286)	(17,992)	(720)	(18,712)
Other receivables – net	<u>2,279,373</u>	<u>1,361,232</u>	<u>3,640,605</u>	<u>2,158,312</u>	<u>272,202</u>	<u>2,430,514</u>
	<u>2,333,713</u>	<u>1,361,232</u>	<u>3,694,945</u>	<u>2,312,203</u>	<u>272,202</u>	<u>2,584,405</u>

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

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

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

#### (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 2021 and 2020, the ageing analysis of the trade receivables based on the trade date were as follows:

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
0 – 30 days	47,770	28,695
31 – 90 days	1,113	3,334
Over 90 days	52,674	159,369
	<u>101,557</u>	<u>191,398</u>

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

At 31 December 2021 and 2020, the Group's trade and other payables and loans/advances from other parties mainly include trade payables, dividends payable to related parties, amounts due to related parties, non-controlling interests and third parties, commercial mortgage backed securities, other tax payable and other payables.

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

At 31 December 2021 and 2020, the ageing analyses of the trade payables based on date of services/goods received. The ageing analysis of the Group's trade payables is as follows:

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
0 – 180 days	<b>3,152,490</b>	2,674,492
181 – 365 days	<b>1,923,441</b>	1,630,539
Over 365 days	<b>2,601,694</b>	2,750,105
	<b><u>7,677,625</u></b>	<b><u>7,055,136</u></b>

## 10. EVENTS AFTER THE BALANCE SHEET DATE

On 16 March 2022, the Board has resolved to recommend the payment of a final dividend of RMB0.01 per share for the year ended 31 December 2021 (2020: RMB0.03 per share).

## RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the year ended 31 December 2021 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 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	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As stated in accordance with CAS	<b>202,660</b>	270,975	<b>15,457,365</b>	17,049,146
Impact of HKFRS adjustments				
1. Reversal of depreciation and impairment of investment properties	<b>232,846</b>	115,052	<b>2,152,615</b>	1,919,769
2. Fair value adjustment of investment properties under HKFRS	<b>(100,672)</b>	(220,839)	<b>4,344,107</b>	4,444,779
As stated in accordance with HKFRS	<b>334,834</b>	165,188	<b>21,954,087</b>	23,413,694

## PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS

The figures in respect of this preliminary results announcement have been agreed upon by the Group’s auditor, Pricewaterhouse Coopers, 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 results announcement.

## **RESULTS AND DIVIDEND**

The Group's revenue increased by 22.77% to RMB22,094,296,000. The Group's profit attributable to ordinary shareholders for the year ended 31 December 2021 increased by 809.83% as compared with the same period of last year to RMB197,051,000.

The Board has recommended the payment of a final dividend of RMB0.01 per share (2020: RMB0.03 per share) for the year ended 31 December 2021, totaling RMB33,670,000 to those shareholders whose names appear on the register of shareholders after the close of business at 4:30 p.m. on Wednesday, 25 May 2022. 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 Tuesday, 12 July 2022.

## **CLOSURE OF REGISTER OF SHAREHOLDERS**

According to the Law on Corporate Income Tax of the People's Republic of China and the relevant implementing rules which came into effect on 1 January 2008, the Company is required to withhold corporate income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders as appearing on the H share register of shareholders of the Company. 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 therein will be subject to the withholding of the corporate income tax.

The register of shareholders of the Company will be closed from Friday, 6 May 2022 to Thursday, 12 May 2022 (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 2021 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 Thursday, 5 May 2022.

Subject to the approval of the shareholders at the annual general meeting, 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, 25 May 2022. The register of shareholders of the Company will be closed from Wednesday, 18 May 2022 to Wednesday, 25 May 2022 (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, 17 May 2022.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **I. BUSINESS IN WHICH THE COMPANY WAS ENGAGED DURING THE REPORTING PERIOD**

The Company's main business includes development properties, convention and exhibition and investment properties (including hotels).

Based in Beijing and expanding outside Beijing, the Company has continued to promote regional cultivation and expansion into new cities in recent years, gradually formed a multi-regional and multi-level development layout on a national scale and built a diversified and multi-grade property development system covering residence, apartments, villas, office buildings and commercial properties. By the end of the Reporting Period, the development properties projects had entered 15 cities, including Beijing, Guangzhou, Changsha, Wuhan, Hangzhou, Chengdu, Suzhou, Nanjing, Langfang, Hefei, Ningbo, Chongqing, Wuxi, Haikou and Meishan, with the scale of development continuously increasing.

The investment properties are led by conventions and exhibitions, and actively drive the synergistic development of hotels, offices, apartments and other businesses. The investment properties held and operated by the Company include the National Convention Centre, Beijing International Convention Centre, InterContinental Beijing Beichen, V-Continent Beijing Parkview Wuzhou Hotel, Beijing Continental Grand Hotel, National Convention Centre Hotel, North Star Century Centre, Hui Bin Plaza, Hui Xin Plaza, North Star Times Tower, North Star Hui Yuan Apartment in the Asian-Olympic core district in Beijing, as well as InterContinental Changsha in Changsha, Changsha North Star International Convention Centre, and Changsha North Star International Hotel in Changsha, with a total area of over 1.34 million square metres.

While improving and strengthening the self-held properties, the Company relies on Capital Exhibition Group, a subsidiary of the Company, to vigorously integrate convention and exhibition business resources, continuously strengthens the extension and expansion of new business and new technologies in the convention and exhibition industry, explores development, including the operation management of exhibition venues, exhibition sponsoring and undertaking and supporting services, exhibition education consulting services, high-end state and government activities support services, etc., and continues to innovate the asset-light operation model of exhibitions, promoting high-quality development of the Company.

## **II. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD**

The Company's advantages and core competitiveness are mainly reflected in the integrated influence in the development and operating capacity in composite real estate and the brand influence of its convention and exhibition business. The real estate development business, presented in diverse large-scale form, has become the Company's source of revenue growth, and the convention and exhibition business, with its brand effect accumulated over years through serving high-end political and state-level activities and events, drives synergetic development of office building, apartment and hotel businesses and provides a basis for stable income for the Company. Such two segments are interdependent and mutually reinforcing, thus ensuring the stable and healthy development of the Company.

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

On the other hand, as one of the largest convention and exhibition venues operators nationwide, the Company has a relative advantage in high-end convention and exhibition and hotel operation and services as well as convention and exhibition venue management output, with continuous improvement in its brand recognition and influence. The Company holds and operates more than 1.2 million square meters of convention and exhibition venues and investment properties (including hotels) in the Asian-Olympic core district. With more than 20 years of professional experience in convention and exhibition and hotel operation as well as international operating service standards and teams, it has carried out active exploration and practice in the whole value industry chain of convention and exhibition venue operation and management, convention and exhibition hosting, informatization and research and development, and formed the integration and linkage capability of the whole industry chain of convention and exhibitions. In recent years, it has successfully delivered hosting services for an array of national, integrated and international conferences such as the Olympic Games, APEC summit, CIFTIS, G20 Hangzhou Summit and “Belt and Road” Forum for International Cooperation, BRICS Xiamen Summit, China-Arab States Expo, the Qingdao Summit of Shanghai Cooperation Organization, Beijing Summit of the Forum on China-Africa Cooperation, the first session of United Nations World Geospatial Information Congress and Beijing Xiangshan Forum, International Horticultural Exhibition Beijing China and Conference on Dialogue of Asian Civilizations, creating a globally renowned service brand of North Star.

In addition, the Company makes full use of the advantages of the “headquarter financing” model and has established long-term and stable strategic cooperative relationships with a number of banks and financial institutions by virtue of its good credit level and risk management and control ability, demonstrating its outstanding advantage in terms of loan interest rates. At the same time, the Company has actively explored diversified financing channels such as medium-term notes, corporate bonds and asset securitisation to continuously optimise the overall debt structure of the Company and maintain the advantage of lower financing costs, which effectively enhances the Company’s anti-risk capability.

### **III. REVIEW OF THE INDUSTRY IN WHICH THE COMPANY OPERATES**

In 2021, in the face of the intricate and complicated situation in mainland China and abroad and impact of the pandemic, China took new steps in actively building a new development pattern, achieved new results in high-quality development, pushed forward the reform and opening up to a deeper level, maintained a global leading position in economic development and prevention and control of pandemic, and had generally stable economic operations throughout the year, with major macro indicators within a reasonable range. The annual GDP growth rate reached 8.1%, with a two-year average growth of 5.1%.

#### **1. Development Properties**

In the first half of 2021, China's real estate market showed a rebound after the pandemic gradually stabilised, and under the guidance of adhering to the positioning of "housing for living instead of speculation" and the objectives of "stabilising land prices, stabilising house prices and stabilising expectations", the central and local governments continued to increase the real estate regulation and control policies, with the regulation and control methods and intensity escalating significantly, and the prudential regulation system for real estate finance continuing to improve. In the second half of the year, with the gradual effect of regulatory policies, coupled with the impact of debt defaults by certain real estate companies, the market cooled down significantly. At the end of September, the Central Bank for the first time proposed to safeguard the healthy development of the real estate market and the legitimate rights and interests of housing consumers, continuously releasing signals to maintain stability, but the national market continued to cool down in the fourth quarter.

Overall, the national residential land market was affected by the "two concentrations" policy on land supply in key cities, with a significant reduction in the scale of transactions, a structural increase year on year in the average transaction floor price and a slight decrease in the premium rate. The commodity housing market showed a trend of "high position followed by low one" throughout the year, with both transaction size and average transaction price increasing slightly. According to the statistics provided by the National Bureau of Statistics (the same applied hereinafter), commodity housing sales area in the real estate market of the PRC in 2021 was 1,565,320,000 square meters, representing an increase of 1.07% over the corresponding period last year, and the average sales price of commodity housing was RMB10,396 per square meter, representing an increase of 4.17% over the corresponding period last year.

Among the first-tier cities, the transaction scale of the commodity housing market in Beijing increased significantly, and the average transaction price showed a trend of structural rise. The inventory level decreased for the first time, and the overall clearing cycle vibrated and fell down slightly; the transaction area of the commodity housing market in Guangzhou slightly increased. The average transaction price and scale of commodity housing in second-tier cities both rose slightly. The average transaction price of commodity housing in third-tier cities rose slightly and the transaction scale declined slightly.

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

In 2021, the convention and exhibition companies actively carried out business innovation, expanding their business by combining online and offline exhibitions, online promotion sessions and online conferences, which relieved the impact of the pandemic to a certain extent, however, the decline in revenue remained serious compared to times before pandemic and the trend of digital transformation of the convention and exhibition industry became more and more obvious. As the resurgence of pandemic among the country in the second half of the year, the hotel industry's performance came under pressure and the recovery weakened. The net absorption in the Beijing office building market reached a record high for the year, with vacancy rate falling and rental levels remaining stable. The average rental in the apartment market rebounded slightly.

## **IV. OPERATING DISCUSSION AND ANALYSIS**

In 2021, in the face of profound changes in the external environment, the Company insisted on being market-oriented, gave full play to its "Convention and Exhibition + Real Estate" twin-drive advantage, vigorously carried out resource integration, strengthened risk management and control and promoted the sustainable and steady development of its various businesses.

### **1. Development Properties**

In 2021, the Company's development properties were stable, with a solid push to refine operational management to actively respond to industry and market challenges.

Steady increase in sales scale. The Company continuously optimised project marketing strategies and made every effort to accelerate the return of funds. The D4 of the Changsha Delta project, the E+F2 of the Central Park project, and the Shiguangli project took the lead in the market and were basically sold out; the first opening of the Xiangluwan project in Ningbo was 90% sold out, and the Chengdu Luming Mansion project was sold out in the third batch of opening. During the Reporting Period, the development properties achieved contracted sales amount and sales area of RMB16.7 billion (including parking spaces) and 950,000 square metres respectively, representing an increase of 37% compared with the previous year.

Precise layout of quality land reserves. In the face of high land costs and the many pressures brought about by the concentrated supply of land in hot cities, the Company optimised its strategic layout and actively expanded its co-operative land acquisition channels. During the Reporting Period, the Company adopted the co-operative mode to acquire high-quality land plots in Beijing's Mentougou district, achieving a breakthrough in acquiring projects in Beijing in the past three years and achieving a good result of opening 71 days after land acquisition and RMB700 million of strong sales on the opening day.

Continuous improvement of operation control. In strict compliance with the philosophy of "large-scale operation", the Company improved and formed a project development node system with the characteristics of North Star Real Estate, strengthened the controllability of the development rhythm of the whole cycle through improving the refinement and standardization of the control of planning nodes, and meanwhile, strengthened the construction and security cost measurement system to strictly control the cost expenditure, and the operation control capability of the Company was effectively improved.

Table 1 : Real Estate Projects during the Reporting Period

Unit: square meter

No.	Project name	Location	Operating state	Project status	Project interests	Total investment (RMB/10 million)	Actual investment amount during the Reporting Period (RMB/10 million)	Project area	Total floor area	Planned gross floor area based on plot ratio	Equity area held for development	Land area during the Reporting Period	New construction area during the Reporting Period	Accumulated development area	Floor area under construction during the Reporting Period	Completed area during the Reporting Period	Accumulated completed area	Saleable area during the Reporting Period	Contracted area during the Reporting Period	Booked area during the Reporting Period	Booked revenue during the Reporting Period	Area to be booked at the end of the Reporting Period
(RMB/1000)																						
1	Beijing North Star Xianglu	Haidian, Beijing	Residence	Completed	100%	28.59	-	142,400	312,100	230,000	-	-	-	312,100	-	-	312,100	6,972	6,668	6,988	16,090	1,645
2	Beijing North Star Red Oak Villa	Changping, Beijing	Villa	Under Construction	100%	34.00	2.36	297,500	213,700	150,000	-	-	-	213,700	40,200	-	173,500	33,950	5,864	6,414	30,092	2,466
3	Beijing Modern North Star Yue MOWA	Shunyi, Beijing	Self-occupied commercial housing two-unit housing	Under Construction	50%	23.47	-	52,800	132,500	109,300	54,700	-	-	132,500	1,400	-	131,100	3,353	200	200	248	-
4	Beijing North Star Villa 1900	Shunyi, Beijing	Residence	Completed	100%	24.45	-	101,200	213,300	140,000	-	-	-	213,300	-	-	213,300	36,118	17,328	15,180	50,002	4,450
5	Beijing Jinchun Mansion	Changping, Beijing	Residence	Completed	51%	53.17	3.63	86,600	280,100	170,400	86,900	-	-	280,100	280,100	280,100	280,100	147,482	43,498	88,286	371,441	2,326
6	Beijing Longfire North Star Lanying▲	Meitougou, Beijing	Residence	In the pipeline	50%	24.78	4.36	26,000	104,100	66,200	33,100	104,100	-	-	-	-	-	-	-	-	-	-
7	Changsha North Star Delta	Changsha, Hunan	Residence, commercial and office building	Under Construction	100%	371.68	19.31	780,000	5,200,000	3,820,000	-	416,700	-	4,783,300	636,900	302,600	4,449,000	345,702	190,268	289,103	362,526	222,674
8	Changsha North Star Central Park	Changsha, Hunan	Residence	Under Construction	51%	24.48	2.17	336,300	927,100	720,000	367,200	-	-	927,100	212,800	-	714,300	84,607	51,397	12,174	13,503	113,458
9	Changsha North Star Shuangli	Changsha, Hunan	Residence and commercial	Under Construction	100%	13.07	2.14	27,700	145,400	107,900	-	-	-	145,400	145,400	-	-	29,138	15,764	-	-	65,062
10	Wuhan North Star Modern You +	Wuhan, Hubei	Residence and commercial	Completed	45%	21.00	0.07	104,700	313,300	241,100	108,500	-	-	313,300	-	-	313,300	3,083	1,094	-	-	-
11	Wuhan North Star Guanggu	Wuhan, Hubei	Commercial service	Under Construction	51%	17.31	1.89	84,200	492,000	337,000	171,900	134,800	-	357,200	75,100	-	282,100	51,867	22,534	66,484	87,524	6,356
12	Wuhan Blue City	Wuhan, Hubei	Residence and commercial	Under Construction	100%	105.72	8.31	358,000	980,100	716,000	-	234,700	-	745,400	128,900	128,900	745,400	83,659	33,345	286,413	295,689	6,011
13	Wuhan Gendale• North Star• China Chic	Wuhan, Hubei	Residence	Under Construction	51%	20.99	1.50	41,800	178,900	127,000	64,900	-	-	178,900	130,900	130,900	178,900	16,384	14,989	121,018	207,278	692
14	Wuhan North Star Peacock City Hangjiao Mansion	Wuhan, Hubei	Residence	Completed	60%	10.79	0.84	73,200	220,400	172,800	103,700	-	-	220,400	220,400	220,400	220,400	45,207	9,267	83,002	46,913	8,095
15	Wuhan North Star Jingxiayou+ (Lot 067)	Wuhan, Hubei	Residence and commercial	Under Construction	80%	16.00	1.85	50,500	177,200	126,200	101,000	-	-	177,200	177,200	-	-	74,472	22,916	-	-	27,880
16	Wuhan North Star Jingxiayou+ (Lot 068)	Wuhan, Hubei	Residence and commercial	Under Construction	80%	12.96	1.39	63,200	227,700	158,100	126,500	-	-	227,700	227,700	-	-	-	-	-	-	-
17	Wuhan North Star Jindiyang Time	Wuhan, Hubei	Residence and commercial	Under Construction	49%	18.72	1.39	50,500	212,100	151,400	74,200	-	-	212,100	212,100	45,600	45,600	75,760	40,058	-	-	-

No.	Project name	Location	Operating state	Project status	Project interests	Total investment (RMB/100 million)	Actual investment amount during the Reporting Period (RMB/100 million)	Project area	Total floor area	Planned plot ratio based on gross floor area	Equity area	Land area held for development	New construction area during the Reporting Period	Floor area under construction during the Reporting Period	Completed area during the Reporting Period	Accumulated completed area	Salable area during the Reporting Period	Contracted area during the Reporting Period	Booked area during the Reporting Period	Booked revenue during the Reporting Period (RMB/100)	Area to be booked at the end of the Reporting Period
18	Hangzhou North Star Sushan Project	Hangzhou, Zhejiang	Residence and commercial	Completed	80%	22.09	1.01	83,900	317,500	235,000	188,000	-	-	-	-	317,500	7,777	455	542	2,167	475
19	Hangzhou Guoyueji Big Lot	Hangzhou, Zhejiang	Residence and commercial	Completed	35%	14.85	-	41,900	108,400	75,000	26,300	-	-	-	-	108,400	-	-	-	-	-
20	Hangzhou Guoyueji Small Lot	Hangzhou, Zhejiang	Residence and commercial	Completed	35%	4.90	0.02	13,400	32,600	23,000	8,100	-	-	-	-	32,600	-	-	-	-	-
21	Hangzhou Guocangfu	Hangzhou, Zhejiang	Residence	Completed	100%	16.27	0.35	21,900	69,900	48,200	-	-	-	-	-	69,900	533	533	9,101	38,839	-
22	Hangzhou Jinhui Dahui Yijing	Hangzhou, Zhejiang	Residence and commercial	Completed	25%	5.50	0.21	57,400	209,700	144,000	36,000	-	-	-	-	209,700	4,000	4,000	-	-	-
23	Hangzhou North Star Ligetiao Mansion	Hangzhou, Zhejiang	Residence	Under Construction	100%	11.03	0.64	12,200	44,400	25,700	-	-	-	44,400	-	-	-	-	-	-	-
24	Hangzhou North Star Qianchun Lancheng	Hangzhou, Zhejiang	Residence	Newly commencement	100%	36.75	11.86	69,000	276,900	179,500	-	-	276,900	276,900	-	-	163,437	-	-	-	-
25	Ningbo Beierfu	Ningbo, Zhejiang	Residence	Completed	100%	46.49	0.92	47,300	189,700	137,400	-	-	-	-	-	189,700	10,374	1,709	2,241	8,338	803
26	Ningbo Mansion • Inrlian	Ningbo, Zhejiang	Residence and commercial	Completed	51%	34.62	1.39	133,000	404,800	292,300	149,200	-	-	-	-	404,800	1,016	86	86	7,562	-
27	Ningbo Xianglu Bay	Yuyao, Zhejiang	Residence	Under Construction	100%	21.82	4.56	68,700	166,500	116,800	-	-	-	166,500	166,500	-	103,588	52,657	-	-	52,657
28	Nanjing North Star CIFI Park Jining	Nanjing, Jiangsu	Residence	Completed	51%	15.18	0.09	25,300	105,000	70,700	36,100	-	-	-	-	105,000	-	-	-	29	-
29	Suzhou North Star CIFI Park No.1 Mansion	Suzhou, Jiangsu	Residence and commercial	Completed	50%	12.94	0.26	178,700	273,900	180,300	90,300	-	-	-	-	273,900	2,485	1,571	1,571	1,266	-
30	Suzhou Guanlin Mansion	Suzhou, Jiangsu	Residence and commercial	Under Construction	100%	64.51	4.09	170,000	392,900	268,800	-	-	-	392,900	307,300	139,000	89,991	23,922	52,193	90,011	10,726
31	Wuxi Tianyi Jizhu	Wuxi, Jiangsu	Residence	Completed	49%	28.60	0.50	88,000	255,400	196,000	96,000	-	-	-	-	255,400	-	-	-	-	-
32	Wuxi Times City	Wuxi, Jiangsu	Residence	Under Construction	40%	46.79	1.70	137,900	535,400	413,800	165,500	-	-	189,900	189,900	189,900	6,403	6,403	-	-	-
33	Chengdu North Star Langshi Nanyuan Lijun	Chengdu, Sichuan	Residence and commercial	Completed	40%	8.39	0.15	63,600	237,000	158,600	63,400	-	-	-	-	-	3,809	820	85	1,625	735
34	Chengdu North Star • Xianglu	Chengdu, Sichuan	Residence and commercial	Completed	100%	183.5	0.38	40,400	148,300	96,900	-	-	-	148,300	-	-	4,165	3,282	2,923	4,555	770
35	Chengdu North Star • South Lake Xianglu	Chengdu, Sichuan	Residence	Completed	100%	29.16	0.90	88,000	297,100	210,000	-	-	-	297,100	-	-	14,070	3,240	6,748	15,456	2,764
36	Chengdu North Star Royal Palace	Chengdu, Sichuan	Residence and commercial	Completed	100%	17.28	1.42	26,600	120,000	79,800	-	-	-	120,000	-	-	48,605	27,701	30,121	54,978	7,365
37	Chengdu North Star Luning Mansion	Chengdu, Sichuan	Residence and commercial	Under Construction	80%	23.78	3.01	80,100	227,100	160,300	128,200	-	-	227,100	227,100	-	-	48,022	40,225	-	96,348
38	Sichuan North Star Guosongfu	Meishan, Sichuan	Residence and commercial	Completed	100%	16.24	1.16	59,900	197,400	149,800	-	-	-	197,400	-	-	104,789	28,057	23,172	19,375	9,773
39	Sichuan North Star Longtitan	Meishan, Sichuan	Residence and commercial	Under Construction	100%	10.94	1.17	69,900	126,600	84,000	-	-	-	126,600	126,600	-	-	-	-	-	-
40	Langfang North Star Xianglu	Langfang, Hebei	Residence and commercial	Under Construction	100%	25.73	2.96	140,700	357,700	296,800	-	-	-	357,700	264,100	40,700	92,481	18,250	33,472	43,410	33,260
41	Langfang North Star Blue City (Lot 2018-4)	Langfang, Hebei	Residence	Under Construction	100%	30.76	1.47	82,500	241,600	164,800	-	147,900	-	93,700	93,700	-	-	-	-	-	-



No.	Project name	Location	Operating state	Project status	Project interests	Total investment (RMB100 million)	Actual investment amount during the Reporting Period (RMB100 million)	Project area	Total floor area	Planned plot ratio-based gross floor area	Equity area	Land area held for development	New construction area during the Reporting Period	Accumulated development area	Floor area under construction during the Reporting Period	Completed area during the Reporting Period	Accumulated completed area	Salable area during the Reporting Period	Contracted area during the Reporting Period	Booked area during the Reporting Period	Booked revenue during the Reporting Period	Area to be booked at the end of the Reporting Period
(RMB100)																						
42	Langfang Xingchenli (Lot 2019-3)	Langfang, Hebei	Commercial	In the pipeline	100%	5.75	0.88	21,100	72,800	52,800	-	72,800	-	-	-	-	-	-	-	-	-	-
43	Langfang North Star Lot 2019-5	Langfang, Hebei	Residence	In the pipeline	100%	13.43	0.88	46,200	138,300	92,000	-	138,300	-	-	-	-	-	-	-	-	-	-
44	Hebei North Star CIFI Park Hebei Anhui Mansion • Luzhou	Residence and commercial	Completed	Completed	50%	21.07	0.47	141,700	356,200	239,000	119,500	-	-	356,200	-	-	356,200	3,433	2,322	15,054	18,438	2,166
45	Chongqing Yuelai No.1	Residence and commercial	Under Construction	Under Construction	100%	100.66	10.65	429,100	1,274,000	918,000	-	372,000	-	902,000	666,000	225,700	461,700	245,703	166,956	135,720	152,020	194,091
46	Chongqing North Star Xiangju	Residence	Under Construction	Under Construction	100%	21.93	2.88	68,200	150,400	102,200	-	-	-	150,400	150,400	-	-	56,451	32,291	-	-	32,291
47	North Star Mansion in Haikou	Residence and commercial	Under Construction	Under Construction	70%	41.91	4.81	106,800	281,100	206,000	144,200	-	46,900	281,100	209,600	88,900	160,400	122,438	56,450	33,338	71,924	81,906
48	Haikou Changyuan Shijia	Residence	Newly commencement	Newly commencement	100%	12.28	7.63	30,500	134,700	106,800	-	-	134,700	134,700	134,700	-	-	-	-	-	-	-
49	Guangzhou Laning Xiangguo Guangzhou (Lot 116)	Residence and commercial	Under Construction	Under Construction	51%	17.66	0.49	25,900	113,700	77,800	39,700	-	-	113,700	113,700	-	-	-	-	-	-	-
50	Guangzhou Laning Xiangguo Guangzhou (Lot 114)	Residence and commercial	Under Construction	Under Construction	49%	9.66	1.13	25,100	110,600	76,600	37,500	-	-	110,600	110,600	-	-	18,300	4,155	-	-	-

#### Notes:

1. “▲” represents newly added real estate projects for reserve purpose during the Reporting Period.
2. Total investment represents the estimated total investment amounts for each project.
3. Planned plot ratio-based gross floor area and equity area represent the data calculated with reference to the conditions of assignment at the time of project auction.
4. Equity area (i.e. area of cooperative development projects) represents the plot ratio-based gross floor area attributable to the percentage of interest in the Company.
5. Land area held for development represents the gross construction area of undeveloped portion of project land.
6. During the Reporting Period, total land reserve of the Company was 5,857,200 square meters, representing a year-on-year decrease of 17%; equity land reserve was 5,195,000 square meters, representing a year-on-year decrease of 17.20% and the newly added real estate reserve was 104,100 square meters, representing a year-on-year decrease of 17.20%; New construction area was 458,500 square meters, representing a year-on-year decrease of 58.31%; area for new and resumed construction was 5,570,700 square meters, representing a year-on-year decrease of 24.03%; the completed area was 1,792,800 square meters, representing a year-on-year decrease of 19.31%; sales area was 949,600 square meters, representing a year-on-year increase of 37.19%; sales amount was RMB16,739,000,000, representing a year-on-year increase of 37.12%; settlement area was 1,321,800 square meters, representing a year-on-year increase of 50.03%; the settlement amount was RMB20,127,000,000, representing a year-on-year increase of 24.58%; the area to be booked as at the end of the Reporting Period was 990,300 square meters, representing a year-on-year decrease of 27.77%.

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

After experiencing the impact of the pandemic, the Company dug deep into the development potential of convention and exhibition as well as investment properties, scientifically integrated resources and stimulated the endogenous power of each business model to minimise the impact of the pandemic on the Company's business.

### ***(1) Convention and exhibition business***

#### *Seeking development with the establishment of Capital Convention (Group)*

In order to optimize the allocation of resources, accelerate the establishment of a sound market-oriented operation mechanism and promote the transformation and upgrading of the exhibition industry, North Star Convention Group, a subsidiary of the Company, introduced four strategic investors, namely Beijing Shougang Construction Investment Co., Ltd., Beijing Capital Tourism Group Co., Ltd., Jingdong Technology Holding Co., Ltd. and GL Events China Limited<sup>1</sup>, and was renamed Capital Convention Group. Based on the new starting point, Capital Convention Group leverages the advantages of the strategic investors in “cloud services”, international exhibition resources, accommodation and catering, space layout and other exhibition-related fields, implements internationalization, branding and digital development strategies, accelerates the improvement of the layout of the whole industry chain of convention and exhibition, and the convention and exhibition business of the Company steps into a brand new development stage.

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<sup>1</sup> Being the parent company of GL Events (Shanghai) Co., Ltd.

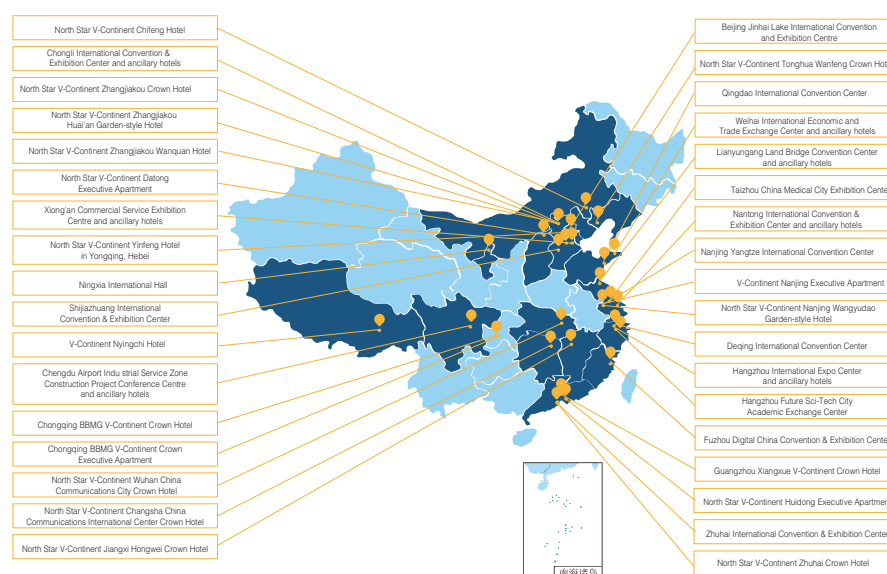
*Creating a brand, hosting national exhibitions and serving major events with high quality*

On the basis of serving and safeguarding the previous China International Fair for Trade in Services (“CIFTIS”), this year the Company, for the first time, hosted this national exhibition as a professional operator of CIFTIS, fully undertaking the work of summit services, investment and exhibition recruitment, market development, conference and forum, online CIFTIS, venue operation and main press centre services, and atmosphere creation. Through the cross-regional linkage of two venues, namely the China National Convention Center and Shougang Park, the Company achieved an exhibition area of 130,000 square meters and the number of exhibitors of 12,000, making a new breakthrough in market-oriented and professional operation and laying a solid foundation for the development of the whole industry chain of exhibition. In terms of major events, the Company provided high-quality services for the cultural and art performance to celebrate the 100th anniversary of the founding of the Party and the Second United Nations Global Conference on Sustainable Transport. In addition, the Company also hosted a number of large-scale exhibitions and events this year, including the Zhongguancun Forum, the 2021 China Science Fiction Conference and Beijing Science Fiction Carnival, the 4th session of China Digital Creative Technology Exhibition and the 2021 1st session of Beijing International Trendy Art Toy Exhibition, further enhancing its brand influence.

*Promoting enhancement with continuous expansion of entrusted management business*

Relying on its professional experience and brand resource endowment, the Company continued to promote the operation and management output of convention and exhibition venues and hotel brands, and further expanded its market share. During the Reporting Period, the Company signed 4 new contracts for entrusted management of venues and hotels in Xiong'an, Chengdu and Chongqing, and added 14 consultancy projects such as the permanent venue of Zhongguancun Forum, etc. Up to now, the Capital Exhibition Group has entered 27 cities nationwide with 52 consultation venues and hotel projects, and has been entrusted the management of 35 venues and hotels projects, achieving a total area of 3.34 million square meters of entrusted venues, and maintaining its leading position in the industry.

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



*Seeking a breakthrough with accelerating the digital construction of the conference and exhibition*

During the Reporting Period, the Company successfully completed the construction of the North Star convention and exhibition management information system, which is also the first set of independently developed version of convention and exhibition venue management system in China, and achieved resource sharing and information interoperability by collecting and processing the big data of each convention and exhibition venue managed by the Company.

*Focusing on research to lead business growth*

The Company actively promoted research on the convention and exhibition industry, completing the development plan of the convention and exhibition industry in Beijing during the “14th Five-Year Plan” period and releasing the China Exhibition Index Report (2020) during the Reporting Period to provide theoretical support for the Company’s strategic decisions. At the same time, the Company continued to promote cooperation with universities to accelerate the cultivation of convention and exhibition talents and joint research projects.

## **(2) Other investment properties**

### *High level of service to support the Beijing Winter Olympics*

The InterContinental Beijing Beichen, Beijing North Star V-Continent Crown International Hotel, Beijing V-Continent Hotel and the National Convention Centre under the Company was selected as the hotel venues of the Olympic family. As the headquarters and the event operation and command centre of the International Olympic Committee and the International Paralympic Committee, they were responsible for welcoming the main officials of the Olympic Committee, while the National Convention Centre Hotel and the Yayuncun Hotel are the contracted hotels to welcome and serve the medias and technical officials of the Winter Olympic Games. In order to provide a better service experience to the guests of the Winter Olympic Games and showcase the host style, the Company has done its best to prevent and control the pandemic, and at the same time polished the service details with the best standards, formulated 123 emergency plans, conducted hundreds of job drills and renovated 797 hotel rooms to comprehensively enhance the innovation, competitiveness and influence of the Company's hotel business, helping the Capital to shine on its name card of the "City of Double Olympics".

### *Stable operation of properties held*

Under the pressure of peak supply in the market, the office building sector gave full play to the advantages of multi-project joint sales, taking customer demand as the guide, actively took measures to optimise sales strategies, innovate promotion methods and improve warm-hearted services to enhance product quality and competitiveness, and accurately grasp the new wave of rental demand generated by the Internet technology industry. In the first half of the year, the Company successfully signed a contract with Byte Dance, the leading Internet company, achieving a leasing area of over 20,000 square meters, and playing a leading and driving role in attracting more innovative technology companies to move in. During the Reporting Period, the industrial revenue of the Company's office buildings remained stable, demonstrating strong operational resilience. The hotel and apartment business suffered a sluggish recovery due to the pandemic, however, the Company strengthened its market development and at the same time made full use of the vacancy period in the pandemic to carry out necessary renovations and upgrades, taking the initiative to turn crisis into opportunity and resulting in a moderate rebound in operating indicators during the Reporting Period.

**Table 2: Leasing of Real Estate during the Reporting Period***Unit: 0'000 Currency: RMB*

No.	Region	Project	Operation format	Construction area of the real estate leased (square meter)	Rental income of the real estate leased	Equity proportion (%)
1	No. 7 Tian Chen Dong Road, Chao Yang District, Beijing	China National Convention Center	Convention and exhibition	270,800	35,740	100
2	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Beijing International Convention Center	Convention and exhibition	58,000	7,435	100
3	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Bin Plaza	Office building	37,800	6,548	100
4	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Xin Plaza	Office building	40,900	5,728	100
5	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	North Star Times Tower	Office building	131,300	15,685	100
6	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	North Star Century Center	Office building	149,800	26,025	100
7	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Zhen Building Property	Office building	8,400	2,120	100
8	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Beijing Continental Grand Hotel	Hotel	42,000	7,297	100
9	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	National Convention Centre Hotel	Hotel	42,900	4,968	100
10	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	V-Continent Beijing Parkview Wuzhou Hotel	Hotel	60,200	5,856	100
11	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	Intercontinental Beijing Beichen Hotel	Hotel	60,000	2,064	100
12	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Intercontinental Changsha	Hotel	79,200	15,911	100
13	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Yuan Apartment	Apartment	184,300	20,090	100
14	A13 Beiyuan Road, Chao Yang District, Beijing	B5 Commercial Area of North Star Green Garden	Commercial	49,700	3,277	100
15	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Changsha North Star Delta Joy City	Commercial	100,000	3,957	100
16	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Changsha North Star International Convention Centre	Convention and Exhibition	39,100	990	100
17	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Changsha North Star International Hotel	Hotel	62,500	1,443	100

*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公司) since August 2016.
2. Construction area of the real estate leased represents the total construction area of the project.
3. The rental income of real estate leased is the operating income of the projects.
4. Construction area and operating revenue of North Star Times Tower have included the construction area and operating revenue of the Xincheli Shopping Centre commercial project.
5. The above-mentioned properties items 2, 3, 7, 8, 10 and 13 are erected on land leased from BNSIGC for a rental of RMB17,325,421 for the year 2021.

### **3. Financing Work**

In 2021, under the severe situation of a tightening real estate financing environment and debt defaults by certain real estate enterprises, the Company further expanded its capital market financing channels with a focus on ensuring sound cash flow. During the Reporting Period, the Company obtained approval from the China Securities Regulatory Commission to issue RMB3 billion of corporate bonds and issued two tranches of bonds of RMB319 million and RMB1,339 million respectively, with a coupon rate of 3.46%. The financing costs reached the lowest level ever with continuous optimisation of the debt structure.

**Table 3: Financing of the Company during the Reporting Period**

*Unit: 0'000 Currency: RMB*

<b>Total financing amount as at end of the period</b>	<b>Overall average financing cost (%)</b>	<b>Interest capitalised</b>
3,026,811	5.86	118,411



#### **4. Investor Relations**

Attaching great importance to the investor relations work and sticking to the core of information disclosure, the Company developed a channel for timely and two-way communication by establishing diversified communication platform, such as investors research, online Q&A, results presentation, teleconference, special column on the website of the Company and telephone hotline, to improve the management of investor relations.

#### **5. Fulfill social responsibility and promote sustainable development of the Company**

The Company actively promoted the implementation of the rural revitalization strategy, explored the development path of “double carbon” target, continued to carry out public welfare undertakings, and firmly fulfilled its social responsibility. During the Reporting Period, the Company, taking consumption poverty alleviation as a grip and through cooperation with the Beijing Entrepreneurship and Innovation Center for Poverty Alleviation through Consumption (北京市消費扶貧雙創中心), recorded the total amount of procurement for poverty alleviation of RMB7,887,670, realising industrial poverty alleviation led by consumption poverty alleviation; carried out in-depth consumption for poverty alleviation, public welfare assistance and industrial assistance in Inner Mongolia Autonomous Region, donating RMB500,000 to Nomin Town of Inner Mongolia Oroqen Autonomous Banner to support local industrial development, and the donated funds directly contributed to the employment of 71 people in 50 households in the area; insisted on green development as the lead and firmly implemented various environmental protection work, achieving a surplus of carbon dioxide emission quota of about 17,507 tonnes at the end of the year; made a donation of RMB950,000 to Beijing Chunmiao Charity Foundation to fund the “Chunmiao Children Care Center” (春苗兒童關愛中心), so as to provide relief for orphans, children in need, seriously ill children and preterm children; with sustainable development as its target, the Company has disclosed its “Social Responsibility Report” (namely environmental, social and governance report) for twelve consecutive years and has incorporated the essence of sustainable development into its daily operation and management, and with its solid comprehensive capabilities, the Company was awarded the “ESG Outstanding Enterprise of the Year 2021” (2021年度ESG卓越企業).



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

In 2021, the Company recorded an operating revenue of RMB22,094,296,000, representing a year-on-year increase of 22.77%. The Company's profit before tax and profit attributable to ordinary shareholders amounted to RMB1,581,214,000 and RMB197,051,000, respectively, representing a year-on-year increase of 4.54% and 809.83%, respectively. In particular, the after-tax core operating results of the Company's principal activities (excluding losses arising from the changes in fair value) were RMB297,723,000, representing a year-on-year increase of 22.77%. Losses (after tax) arising from the changes in fair value of investment properties were RMB100,672,000 during the period. Earnings per share were RMB0.0585.

In particular, for development properties segment, due to the impact of the development cycle, the areas to be settled increased. During the Reporting Period, operating revenue from development properties reached RMB20,128,085,000 (including parking spaces), representing a year-on-year increase of 24.58%, but due to the decrease of gross profit margin of products settled, profit before tax was RMB1,235,095,000, representing a year-on-year decrease of 22.42%.

During the Reporting Period, operating revenue from convention and exhibition and investment properties (including hotels) reached RMB1,821,437,000, representing a year-on-year increase of 4.78%, and the loss before tax amounted to RMB150,318,000. Impairment assessed during the Reporting Period was RMB134,226,000.

## **VI. DISCUSSION AND ANALYSIS OF FUTURE DEVELOPMENT OF THE COMPANY**

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

In 2022, by continuously adhering to the general principal of seeking progress while maintaining stability, China will implement new development philosophy and establish a new development pattern, comprehensively deepen reform and opening up, adhere to innovation driven to promote high-quality development, with deepening supply-side structural reform as the main task, so as to coordinate pandemic prevention and control and economic and social development, strive to stabilize the macro-economic market and maintain economic operation within a reasonable range.

As for development properties, China will continue to guarantee the housing demand of the public, adhere to the general keynotes of “housing for living instead of speculation”, explore new development models, insist on houses for rent and purchase, accelerate the development of the long-term rental housing market, promote the construction of affordable housing, support the commercial housing market to better meet the reasonable housing needs of home-buyers, stabilize land prices, housing prices and expectations, and promote the virtuous cycle and healthy development of the real estate industry with implementation of policies due to the city policy.

As for exhibition and investment 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. Meanwhile, pursuant to the Notice of the General Office of the Ministry of Commerce on Innovating Exhibition Service Models and Cultivating New Driving Forces for the Development of the Exhibition Industry (《商務部辦公廳關於創新展會服務模式培育展覽業發展新動能有關工作的通知》), it is proposed to accelerate the transformation, upgrading and innovative development of the exhibition industry, and give full play to the important role of the exhibition industry in expanding opening up, stimulating consumption growth and other aspects. Based on the support of relevant national policies, the investment property business such as conventions and exhibitions, hotels and office buildings will have broader room for development and opportunities.

## **(II) Development Strategy of the Company**

In 2022, the external environment faced by the Company is still severe. The Company will adhere to the general principle of “focusing on stability while seeking progress”, constantly consolidate the Company’s fundamentals, accelerate the pace of innovation-driven development, gather development advantages in industrial transformation and reconstruction to promote the stability and long-term development of the Company.

### ***1. Development Properties***

The Company will further promote fine management, strive to build a more efficient and professional operation team and improve its ability to resist risks. In respect of development strategies, the Company will adhere to the appropriate scale, pay close attention to the window period of centralized land supply, scientifically study and judge land information, strengthen the complementary cooperation among real estate enterprises, strengthen the assessment on pre-investment, post investment and full cycle assessment, and improve the accuracy of resource investment and the rationality of land resource layout. In respect of development mode, the Company will give full play to the two-wheel driving advantages of “real estate + convention and exhibition”, deeply study the architectural planning and design characteristics of convention and exhibition projects, and explore the development mode of “real estate + convention and exhibition” and urban strategic layout. In respect of project operation, the Company will adhere to the combination of “one policy for one property” and the construction of standardization system. According to the characteristics of the project, the Company will formulate different development and sales strategies on the basis of comprehensively combing the location policies, markets and product characteristics of each project. At the same time, the Company will establish and improve the standardized and intensive management system, strengthen cost control and project quality management and control, and further improve the project income.

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

The Company will focus on the strategic positioning of Beijing's "four centers" and the construction of international consumption center cities to promote the continuous innovative development of convention and exhibition and investment property sector with a higher station and pattern.

The convention and exhibition industry, focusing on "strengthening and optimizing the brand of CIFTIS and striving to the professional operation of the CIFTIS ", and taking "developing the upstream business of the exhibition and building new development advantages" as a breakthrough, will implement internationalization, branding and digital development strategies, strengthen exchanges and cooperation with international organizations, industry associations and exhibition enterprises at home and abroad, plan and attract high-level convention and exhibition projects and international conference landing in Beijing, promote the deep integration of Internet, big data, artificial intelligence and convention and exhibition, build smart convention and exhibition, continuously optimize the operation mode of the whole convention and exhibition industry chain, and accelerate the construction of a modern service industry group with convention and exhibition service operation as the core. In terms of investment property, the Company will further sort out the business structure, optimize resource allocation, strengthen resource integration, give play to synergy, adapt to market changes, and adjust business strategies in time to continuously improve operation ability and profitability.

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

The Company will actively carry out multi-channel and multi-form financing, further strengthen risk prevention and control, and fully utilize the advantages of the "headquarters financing" mode, to decrease finance costs, and strengthen the active management and control of asset-liability, so as to maintain financial stability.

In 2022, the Company's investment in fixed assets is expected to be RMB570 million, which will be paid according to project progress and funded by internal resources.

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

In 2022, it is estimated that new construction area of the Company's development properties will be 670,000 square meters, the area for new and resumed construction will be 4,410,000 square meters and the completed area will be 1,980,000 square meters. Overcoming the impact of the regulation policy on real estate industry, the Company will strive to achieve sales of 870,000 square meters with contracts signed (including parking spaces) amounting to RMB17 billion in 2022.

As for investment properties, the Company will innovate the business development models while upgrading the existing operation service abilities, strengthen the brand impact on upstream and downstream industry chain, and actively cultivate new performance growth point.

### **(IV) Potential Risks Faced by the Company**

#### ***1. Risks in relation to the Novel Coronavirus Pneumonia pandemic***

The global pandemic situation continues to change, and the pandemic situation occurs repeatedly in some parts of China. The progress of some real estate development projects of the Company and the operation of convention and exhibition and investment properties (including hotels) may be affected in the short term. The degree of impact will depend on the duration of the pandemic and the implementation of local prevention and control policies.

In view of the above risks, the Company will establish and improve the pandemic prevention and control mechanism, and coordinate the implementation of pandemic prevention and control. In addition, the Company will actively take effective measures to minimize or resolve the adverse impact of the pandemic on the Company's operation.

## **2. *Policy Risks***

The development of the real estate industry is closely related to national policy directions. In recent years, China has adhered to the principle of “housing for living instead of speculation”, continued the “implementation of policies by cities”, and tightened the regulation policies and credit environment may pose certain risks on real estate companies in terms of land acquisition, project development and construction, sales, fundraising, etc.

In response to the aforesaid risks, the development property of the Company will conduct analysis on national macro policies, pay close attention to market changes, improve its responsiveness to policies and market changes, and strengthen the awareness of risk prevention. Meanwhile, it will continuously optimize the direction of business development, strengthen the potential for sustainability of development properties and enhance overall competitiveness according to policy directions.

## **3. *Market Risks***

The differentiation in 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 situation of large proportion of land costs and 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, enhance the evaluation on the newly entered cities, and select cities and regions in which market is mature with favorable investment atmosphere and a relatively rational net inflow of population and housing price-to-income ratio. The Company will continuously optimise development strategies and adhere to 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.

#### **4. *Short-term Risks of Talent Reserve***

As the Company has continuously strengthened its national business layout for real estate development and steadily advanced the entrusted management of the convention and exhibition venues and hotels and other businesses, which 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 set up a talent work leading group, strengthened the combination of internal selection and training with the market-oriented talents introduction, selected professional managers, and fully implemented the contractual management of the tenure system among managers, provided training to corporate leaders and young talents to improve their operation and management capability, and promoted the construction of high-quality professional leaders; accelerated the talent reserve by developing a three-level talent training system of “Eagle, Flying Eagle, Outstanding Eagle” of the Convention Group and “Pilot, Voyage, and Sailing” of the Real Estate Group; strengthened the foundation of our talent pool through the introduction and cultivation of fresh graduates and the launch of the “Excellence Training Programme”.

### **FINANCIAL RESOURCES AND LIQUIDITY**

As at 31 December 2021, the equity attributable to ordinary shareholders of the Company amounted to RMB20,935,846,000, representing an increase of 0.73% as compared to 31 December 2020.

The Group’s bank and other borrowings as at 31 December 2021 amounted to RMB21,739,821,000. As at the end of the year, net values of the Group’s 5-year corporate bonds, 7-year corporate bonds, 5-year medium-term notes and 2-year medium-term notes were RMB3,445,391,000, RMB1,497,634,000, RMB2,564,813,000 and RMB259,510,000, respectively. Asset-backed securities were RMB760,937,000 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 RMB65,237,659,000, whereas the current liabilities amounted to RMB38,222,835,000. As at 31 December 2021, balances of cash at bank and on hand amounted to RMB12,959,453,000 (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 2021, the Group had secured borrowings from banks and other financial institutions of RMB15,752,053,000 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 71% as at the end of the Reporting Period (31 December 2020: 73%).

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 2021 was RMB13,901,298,000 (31 December 2020: RMB17,950,665,000).

## **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 RMB669 million.

During the Reporting Period, after having comprehensively taken into account the market conditions of the location of hotel properties, as well as the latest operation and investment plans of the project and other factors, the Company performed the impairment tests on the recoverable amount of the hotel properties, and made provision for the impairment of the portion whose carrying amount is higher than its recoverable amount. As confirmed by the test, the Company is required to make provision for the impairment for the hotel properties of RMB79 million.



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

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

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

As at 31 December 2021, 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 2021, the Company had 5,588 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 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 survey tours.

## **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 (as effective during the year) contained in Appendix 14 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 10 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 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, as well as 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 2021.

By Order of the Board  
**BEIJING NORTH STAR COMPANY LIMITED**  
**LI Wei-Dong**  
*Chairman*

Beijing, the PRC, 16 March 2022

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