



HKEx Stock Code: 0588
SSE Stock Code: 601588

2022

INTERIM REPORT



INTERIM REPORT

For the six months ended 30 June 2022

- Revenue was RMB6,840,511,000, representing a decrease of 33.75% over the same period of the previous year
- Operating profit was RMB108,959,000, representing a decrease of 92.58% over the same period last year
- Loss attributable to the ordinary shareholders of the Company was RMB532,913,000, representing a decrease of RMB794,367,000 over the same period last year, among others, the after-tax core operating results of the Company's principal business (excluding losses arising from the changes in fair value) record a loss of RMB430,832,000, representing a decrease of RMB793,000,000 over the same period last year. Loss attributable to the owners of the Company was RMB405,473,000 (excluding losses arising from the changes in fair value), representing a decrease of RMB840,341,000 over the same period last year. During the Period, the losses (after taxation) on changes in fair value of investment properties was RMB102,081,000
- Losses per share were RMB0.1583, and earnings per share in the same period last year were RMB0.0777
- The board of directors (the "Board") resolved that no interim dividend would be declared in respect of the six months ended 30 June 2022 (six months ended 30 June 2021: nil)



Interim Condensed Consolidated Balance Sheet

		Unaudited 30 June 2022 RMB'000	Restated 31 December 2021 RMB'000
	Note		
ASSETS			
Non-current assets			
Right-of-use assets	7	441,940	455,018
Investment properties	7	16,584,684	16,709,399
Property, plant and equipment	7	2,606,783	2,674,399
Investments accounted for using the equity method		410,973	635,736
Deferred income tax assets		1,319,315	1,246,148
Other receivables and prepayments	9	1,221,097	1,409,524
		<u>22,584,792</u>	<u>23,130,224</u>
Current assets			
Properties under development	8	25,255,976	30,057,808
Completed properties held-for-sale		17,532,001	15,625,663
Other inventories		44,004	42,485
Trade and other receivables and prepayments	9	5,101,987	4,900,887
Restricted bank deposits		1,695,104	1,761,332
Cash and cash equivalents		10,985,546	12,960,953
		<u>60,614,618</u>	<u>65,349,128</u>
Total assets		<u>83,199,410</u>	<u>88,479,352</u>



Interim Condensed Consolidated Balance Sheet (Continued)

	Note	Unaudited 30 June 2022 RMB'000	Restated 31 December 2021 RMB'000
LIABILITIES			
Non-current liabilities			
Long-term borrowings	13	19,230,927	19,874,582
Loans from other parties	12	2,874,529	2,148,385
Employee termination benefit obligations		102,986	107,507
Deferred income tax liabilities		2,165,634	2,165,575
Lease liabilities		12,542	14,543
Deferred income		17,560	27,748
		<u>24,404,178</u>	<u>24,338,340</u>
Current liabilities			
Trade and other payables	12	10,545,301	11,095,778
Loans/advances from other parties	12	2,351,300	3,240,608
Contract liabilities		11,874,624	12,123,853
Current income tax liabilities		1,567,101	2,147,373
Lease liabilities		30,062	32,280
Current portion of long-term borrowings	13	8,787,871	9,632,587
		<u>35,156,259</u>	<u>38,272,479</u>
Total liabilities		<u>59,560,437</u>	<u>62,610,819</u>
Net assets		<u>23,638,973</u>	<u>25,868,533</u>
EQUITY			
Share capital	10	3,367,020	3,367,020
Other reserves		4,907,572	4,982,879
Retained earnings		12,070,959	12,637,542
Capital and reserves attributable to ordinary shareholders of the Company		20,345,551	20,987,441
Perpetual bond	11	–	1,018,241
Non-controlling interests		3,293,422	3,862,851
Total equity		<u>23,638,973</u>	<u>25,868,533</u>

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Income Statement

		Unaudited Six months ended 30 June	
	<i>Note</i>	2022 RMB'000	2021 <i>RMB'000</i> (Restated)
Revenue	6	6,840,511	10,325,519
Cost of sales		<u>(5,989,769)</u>	<u>(8,114,506)</u>
Gross profit		850,742	2,211,013
Selling and marketing expenses		(208,231)	(236,002)
Administrative expenses		(409,846)	(382,911)
Net provision for impairment losses on financial assets	15	(17,713)	(22,565)
Other income and losses – net		<u>(105,993)</u>	<u>(101,375)</u>
Operating profit		108,959	1,468,160
Finance income	16	50,829	54,927
Finance expenses	16	<u>(412,167)</u>	<u>(391,898)</u>
Finance expenses – net	16	(361,338)	(336,971)
Share of net (loss)/profit of investments accounted for using the equity method		<u>(2,463)</u>	<u>108,300</u>
(Loss)/profit before income tax	6	(254,842)	1,239,489
Income tax expense	17	<u>(209,617)</u>	<u>(940,605)</u>
(Loss)/profit for the period		<u>(464,459)</u>	<u>298,884</u>
Attributable to:			
Ordinary shareholders of the Company		(532,913)	261,454
Holders of perpetual bond		25,359	72,700
Non-controlling interests		<u>43,095</u>	<u>(35,270)</u>
		<u>(464,459)</u>	<u>298,884</u>
(Losses)/earnings per share attributable to ordinary shareholders of the Company (expressed in RMB cents per share) (basic and diluted)	18	<u>(15.83)</u>	<u>7.77</u>

The above interim condensed consolidated income statement should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Comprehensive Income

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

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Changes In Equity

		Unaudited						
		Attributable to ordinary shareholders of the Company						
	Note	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Perpetual bond RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
Six months ended 30 June 2022								
Balance at 1 January 2022, as restated		3,367,020	4,982,879	12,637,542	20,987,441	1,018,241	3,862,851	25,868,533
(Loss)/profit for the period		-	-	(532,913)	(532,913)	25,359	43,095	(464,459)
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive (loss)/income for the period		-	-	(532,913)	(532,913)	25,359	43,095	(464,459)
Transactions with owners in their capacity as owners								
2021 final dividends	19	-	-	(33,670)	(33,670)	-	-	(33,670)
Capital injection from non-controlling interests		-	-	-	-	-	980	980
Redemption of perpetual bond		-	(8,400)	-	(8,400)	(991,600)	-	(1,000,000)
Distribution to holders of perpetual bond		-	-	-	-	(52,000)	-	(52,000)
Dividends provided for or paid to non-controlling interests		-	-	-	-	-	(568,900)	(568,900)
Business combination under common control	14	-	(66,907)	-	(66,907)	-	(44,604)	(111,511)
Total transactions with owners in their capacity as owners		-	(75,307)	(33,670)	(108,977)	(1,043,600)	(612,524)	(1,765,101)
Balance at 30 June 2022		3,367,020	4,907,572	12,070,959	20,345,551	-	3,293,422	23,638,973
Six months ended 30 June 2021								
Balance at 31 December 2020, as previously reported		3,367,020	4,868,600	12,547,694	20,783,314	2,630,380	2,679,938	26,093,632
Business combination under common control		-	49,909	3,804	53,713	-	-	53,713
Balance at 1 January 2021, as restated		3,367,020	4,918,509	12,551,498	20,837,027	2,630,380	2,679,938	26,147,345
Profit for the period, as restated		-	-	261,454	261,454	72,700	(35,270)	298,884
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the period, as restated		-	-	261,454	261,454	72,700	(35,270)	298,884
Transactions with owners, recognised directly in equity								
2020 final dividends	19	-	-	(101,011)	(101,011)	-	-	(101,011)
Capital injection from non-controlling interests		-	-	-	-	-	-	-
Distribution to holders of perpetual bond		-	-	-	-	(104,661)	-	(104,661)
Dividends provided for or paid to non-controlling interests		-	-	-	-	-	(397,000)	(397,000)
Total transactions with owners, recognised directly in equity		-	-	(101,011)	(101,011)	(104,661)	(397,000)	(602,672)
Balance at 30 June 2021, as restated		3,367,020	4,918,509	12,711,941	20,997,470	2,598,419	2,247,668	25,843,557

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Cash Flows

		Unaudited Six months ended 30 June 2022 RMB'000	2021 RMB'000 (Restated)
	Note		
Cash flows from operating activities			
Cash generated from operations		2,641,148	4,644,275
Interest received		50,829	54,564
Interest paid		(923,919)	(1,014,772)
Income tax paid		(805,850)	(829,478)
Net cash generated from operating activities		962,208	2,854,589
Cash flows from investing activities			
Payments for property, plant and equipment and investment properties		(31,535)	(413,723)
Loans granted to related parties		(449,138)	(134,750)
Proceeds from settlement of receivable from the ultimate parent	14	107,925	6,622
Loan repayments from related parties		269,600	—
Interests received on loans granted		27,548	6,253
Proceeds from sale of property, plant and equipment and investment properties		376	158
Refund of advance payment as received for the partial disposal of an associate		(80,000)	—
Deregistration of an associate		—	8,298
Net cash used in investing activities		(155,224)	(527,142)
Cash flows from financing activities			
Proceeds from borrowings and issuance of bonds	13(c)	3,364,403	8,749,300
Proceeds from borrowings from BNSIGC	23(ii)	400,000	1,500,000
Repayments of commercial mortgage backed securities issued by a subsidiary of the Company ("CMBS")		(9,000)	(8,000)
Repayments of borrowings and bonds	13(c)	(5,012,403)	(10,607,735)
Proceeds from loans/advances from non-controlling interests		64,280	222,925
Repayments of borrowings from BNSIGC	23(ii)	(300,000)	(500,000)
Repayments of loans/advances from non-controlling interests		(96,640)	(1,031,938)
Repayment of borrowings from related parties		—	(172,000)
Proceeds from capital injection from non-controlling interests		980	—
Dividends paid to Company's shareholders	19	(14,990)	(44,970)
Dividends paid to the non-controlling interests		(20,000)	—
Dividends paid to the holders of perpetual bond		(52,000)	(52,000)
Redemption of perpetual bond		(1,000,000)	—
Principal elements of lease payments		(9,480)	(10,063)
Repayments of borrowings from a third party		—	(18,358)
Payment for acquisition of the entity under common control	14	(111,511)	—
Net decrease in deposits paid for obtaining borrowings		13,970	23,401
Net cash used in financing activities		(2,782,391)	(1,949,438)
Net (decrease)/increase in cash and cash equivalents		(1,975,407)	378,009
Cash and cash equivalents at 1 January		12,960,953	10,832,105
Cash and cash equivalents at 30 June		10,985,546	11,210,114

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Interim Financial Information

1. GENERAL INFORMATION

Beijing North Star Company Limited (the “Company”) is a joint stock limited liability company established in the People’s Republic of China (the “PRC”) on 2 April 1997 as part of the reorganisation (the “Reorganisation”) of a state-owned enterprise known as Beijing North Star Industrial Group Limited Liabilities Company (“BNSIGC”, the ultimate parent of the Company).

Pursuant to the Reorganisation in preparation for the listing of the Company’s H shares on the Main Board of The Stock Exchange of Hong Kong Limited, the Company took over the principal subsidiaries and business undertakings of BNSIGC, together with their related assets and liabilities. On 14 May 1997, the Company completed the global offering of its H share, and the Company was granted the status of a sino-foreign joint venture joint stock limited company on 20 July 1998. The address of its registered office is No.8 Bei Chen Dong Road, Chao Yang District, Beijing, the PRC.

On 25 September 2006, the Company issued 1,500,000,000 A shares at 2.4 per share and these shares were listed on the Shanghai Stock Exchange on 16 October 2006. Since then, the Company’s shares have been jointly listed on the Main Board of The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange.

The Company and its subsidiaries (the “Group”) are primarily engaged in property development, property management and property investment, provision of food and beverage services as well as the operation of hotels in the PRC.

On 30 June 2022, the Group has acquired 100% equity interest in Beijing International Exhibition Center Co., Ltd. (“BIEC”) from BNSIGC and the acquisition is considered as a business combination involving entities under common control and has been accounted for by using merger accounting method. Accordingly, the comparative figures as set out in this interim condensed consolidated financial information have been restated to include the historical financial information of BIEC since the date when BIEC first came under the control of BNSIGC and the restated comparative figures are all unaudited. More details of the acquisition and the impact of the restatements have been set out in Note 14.

This interim condensed consolidated financial information is presented in Renminbi, unless otherwise stated. This interim condensed consolidated financial information was approved by the Board of Director of the Company for issue on 25 August 2022.

This interim condensed consolidated financial information has been reviewed, not audited.

2. BASIS OF PREPARATION

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



Notes to the Condensed Consolidated Interim Financial Information (Continued)

3. ACCOUNTING POLICIES

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

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

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

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

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

4. ESTIMATES

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgments made by management in applying the Group's significant accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's consolidated financial statements for the year ended 31 December 2021.



Notes to the Condensed Consolidated Interim Financial Information (Continued)

5. FINANCIAL RISK MANAGEMENT

5.1. Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

This interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

There have been no changes in the risk management policies since year end.

5.2. Liquidity risk

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 30 June 2022 (Unaudited)					
Borrowings (including interests)	9,862,034	5,204,264	8,428,046	10,523,416	34,017,760
Trade and other payables (including interests) (Note i)	12,622,285	1,785,166	1,227,310	–	15,634,761
Lease liabilities (including interests)	31,776	9,036	6,152	–	46,964
	<u>22,516,095</u>	<u>6,998,466</u>	<u>9,661,508</u>	<u>10,523,416</u>	<u>49,699,485</u>
As at 31 December 2021 (Restated)					
Borrowings (including interests)	10,999,994	4,393,227	10,439,749	8,886,534	34,719,504
Trade and other payables including interests) (Note i)	13,974,431	650,652	1,558,227	–	16,183,310
Lease liabilities	34,526	9,398	6,425	–	50,349
	<u>25,008,951</u>	<u>5,053,277</u>	<u>12,004,401</u>	<u>8,886,534</u>	<u>50,953,163</u>

Notes:

- (i) Excluding staff welfare benefits payable, other taxes payable and prepaid rental income from tenants.
- (ii) The table above does not include any potential liabilities which may be arising from the financial guarantee as disclosed in Note 21 to the interim financial information.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation

At 30 June 2022 and 31 December 2021, the Group has no assets that are carried at fair value, except for the investment properties. The different levels regarding fair value determination have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Details of the fair value of investment properties have been disclosed in Note 7.

There were no transfers between different levels during the period.

There were no changes in valuation techniques during the period.

The carrying amounts of the Group's financial assets/liabilities approximated their fair values.

The fair value of the financial guarantee is considered not to be significant.

6. SEGMENT INFORMATION

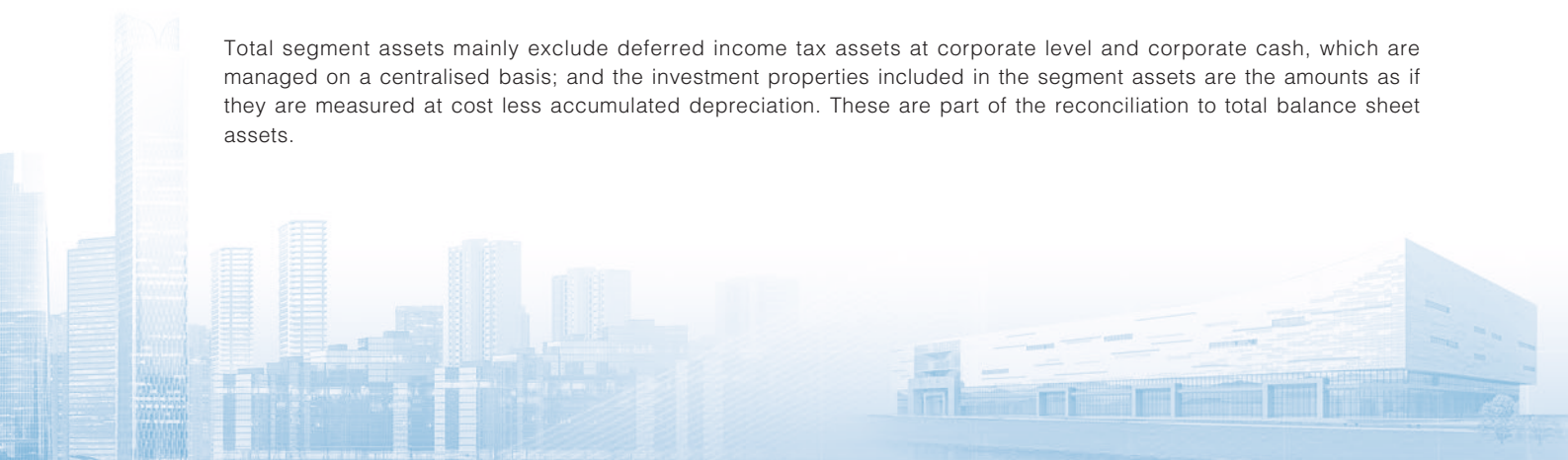
Management has determined the operating segments based on the internal reports reviewed by the Board, being the major body in making operation decisions, for assessing the operating performance and resources allocation.

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

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

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

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



Notes to the Condensed Consolidated Interim Financial Information (Continued)

6. SEGMENT INFORMATION (CONTINUED)

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

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

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

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

	At a point in time	Over time
	RMB'000	RMB'000
For the six months ended 30 June 2022		
Real estate development segment	5,879,608	—
Convention and exhibition (including hotels) and commercial properties segment*	86,245	164,722
Other segments	12,002	60,095
	5,977,855	224,817
	At a point in time	Over time
	RMB'000	RMB'000
For the six months ended 30 June 2021 (Restated)		
Real estate development segment	9,393,733	—
Convention and exhibition (including hotels) and commercial properties segment*	78,893	92,472
Other segments	13,145	51,481
	9,485,771	143,953

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

Notes to the Condensed Consolidated Interim Financial Information (Continued)

6. SEGMENT INFORMATION (CONTINUED)

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

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

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

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

Notes to the Condensed Consolidated Interim Financial Information (Continued)

6. SEGMENT INFORMATION (CONTINUED)

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

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

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

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



Notes to the Condensed Consolidated Interim Financial Information (Continued)

6. SEGMENT INFORMATION (CONTINUED)

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

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

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

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
		(Restated)
(Loss)/profit before income tax for reportable segments	(119,392)	811,950
Corporate overheads	(79,910)	(61,705)
Corporate finance expenses	(298,638)	(216,995)
Corporate finance income	26,270	24,211
Other income and losses – net	31,587	7,524
Fair value losses on investment properties (Note 15)	(136,108)	(134,283)
Reversal of depreciation and impairment of investment properties	136,345	209,980
Land appreciation tax (Note 17)	185,004	598,807
(Loss) /profit before income tax	(254,842)	1,239,489



Notes to the Condensed Consolidated Interim Financial Information (Continued)

6. SEGMENT INFORMATION (CONTINUED)

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

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

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

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

The Company and its subsidiaries were domiciled in the PRC and all the revenue from external customers of the Group for the six months ended 30 June 2022 and 2021 are derived in the PRC.

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

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

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



Notes to the Condensed Consolidated Interim Financial Information (Continued)

7. RIGHT-OF-USE ASSETS, PROPERTY, PLANT AND EQUIPMENT, AND INVESTMENT PROPERTIES

	Right-of-use assets	Unaudited Property, plant and equipment	Investment properties (note)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Six months ended 30 June 2022			
Opening net book amount as at 1 January 2022, as restated	455,018	2,674,399	16,709,399
Fair value losses charged to profit or loss (Note 15)	—	—	(136,108)
Additions	5,632	13,739	11,393
Disposals	(679)	(384)	—
Depreciation	(18,031)	(80,971)	—
Closing net book amount as at 30 June 2022	<u>441,940</u>	<u>2,606,783</u>	<u>16,584,684</u>
Six months ended 30 June 2021			
Opening net book amount as at 1 January 2021, as restated	467,600	2,393,871	15,344,734
Fair value losses charged to profit or loss (Note 15)	—	—	(134,283)
Additions	12,168	321,858	413,598
Disposals	—	(434)	—
Depreciation	(14,718)	(53,276)	—
Closing net book amount as at 30 June 2021, as restated	<u>465,050</u>	<u>2,662,019</u>	<u>15,624,049</u>

Note :

The investment properties at 30 June 2022 and 31 December 2021 were revalued by an independent and qualified valuer, Greater China Appraisal Limited ("GCAL").



Notes to the Condensed Consolidated Interim Financial Information (Continued)

7. RIGHT-OF-USE ASSETS, PROPERTY, PLANT AND EQUIPMENT, AND INVESTMENT PROPERTIES (CONTINUED)

(a) Fair value hierarchy

The fair value measurement information for the investment properties in accordance with HKFRS 13 are given below.

	Fair value measurements using significant unobservable inputs (Level 3)	
	Unaudited As at 30 June 2022 RMB'000	Restated As at 31 December 2021 RMB'000
Recurring fair value measurements		
Investment properties:		
– Office units	6,694,000	6,385,000
– Apartments	2,005,970	2,077,470
– Convention centers	3,992,000	4,017,000
– Shopping malls	3,887,000	4,218,500
– Others	5,714	11,429
	16,584,684	16,709,399

There were no transfers between Levels 1, 2 and 3 during the period.

(b) Valuation processes of the Group

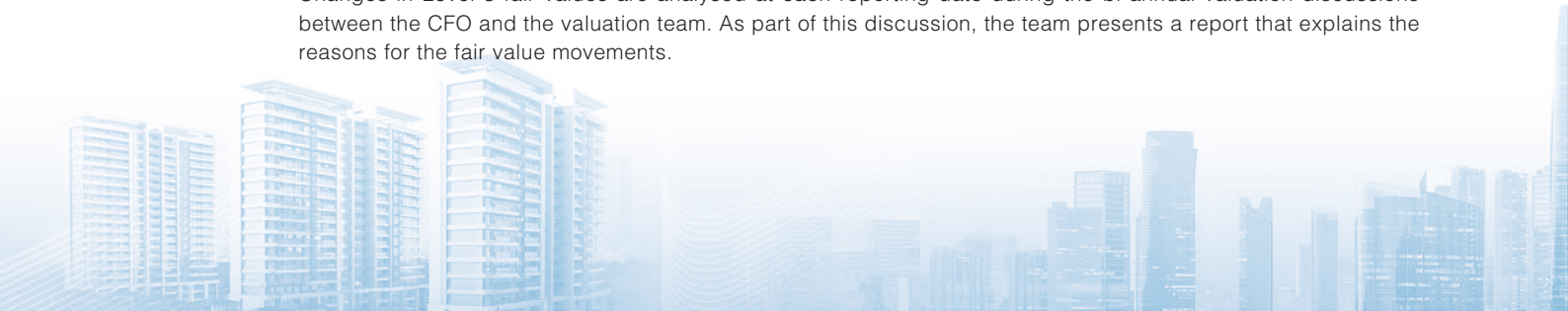
The Group's investment properties were valued on 30 June 2022 by the GCAL who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued.

The Group's finance department includes a team that review the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the chief financial officer ("CFO"). Discussions of valuation processes and results are held between the CFO, the valuation team and the valuer at least once every six months, in line with the Group's interim and annual reporting dates. As at 30 June 2022 and 31 December 2021, the fair values of the investment properties have been determined by reference to the valuation reports issued by GCAL.

At each reporting dates, the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

Changes in Level 3 fair values are analysed at each reporting date during the bi-annual valuation discussions between the CFO and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.



Notes to the Condensed Consolidated Interim Financial Information (Continued)

7. RIGHT-OF-USE ASSETS, PROPERTY, PLANT AND EQUIPMENT, AND INVESTMENT PROPERTIES (CONTINUED)

(c) Valuation techniques

For office units, apartments (except block A) and shopping malls, the valuations were based on income capitalisation approach (term and reversionary method) which largely used unobservable inputs (e.g. market rent, yield, etc.) and taking into account the significant adjustment on term yield to account for the risk upon reversionary and the estimation in vacancy rate after expiry of current lease.

For convention centers and apartment block A, the valuation was determined using discounted cash flow projections based on significant unobservable inputs. These input include:

Future rental cash inflows	Based on the actual location, type and quality of the properties and supported by the terms of any existing leases, other contracts and external evidence such as current market rents or room rates for similar properties;
Discount rates	Reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
Estimated vacancy rates	Based on current and expected future market conditions after expiry of any current lease;
Maintenance costs	Including necessary investments to maintain functionality of the property for its expected useful life;
Capitalisation rates	Based on actual location, size and quality of the properties and taking into account market data at the valuation date;
Terminal value	Taking into account assumptions regarding maintenance costs, vacancy rates and market rents.

For the properties under development, the valuations have assumed that the properties will be renovated and completed in accordance with the latest renovation proposals. In arriving at the market value, it has taken into account the renovation costs relevant to the stage of renovation as at the valuation date and the remainder of the costs and fees to be expended to complete the renovation. In assessing the gross development values, it was based on income capitalisation approach (term and reversionary method) which largely used unobservable inputs (e.g. market rent, yield, etc.). These input include:

Rental income	Based on actual location, size, quality and floor level of the properties and taking into account market data at the valuation date;
Capitalisation rates	Based on actual location, size and quality of the properties and taking into account market data at the valuation date;
Cost to completion	Based on latest renovation plan and relevant costs estimated.

There were no changes to the valuation techniques during the period.



Notes to the Condensed Consolidated Interim Financial Information (Continued)

8. PROPERTIES UNDER DEVELOPMENT

	Unaudited As at 30 June 2022 RMB'000	Restated As at 31 December 2021 RMB'000
Land use rights	14,369,706	18,862,408
Development costs and capitalised expenditure	8,984,714	9,381,855
Finance expenses capitalised	2,859,722	2,958,190
	26,214,142	31,202,453
Less: impairment	(958,166)	(1,144,645)
	25,255,976	30,057,808

9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Unaudited As at 30 June 2022			Restated As at 31 December 2021		
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000	Non-current RMB'000	Total RMB'000
Trade and other receivables (a)	2,709,078	1,181,233	3,890,311	2,441,640	1,361,232	3,802,872
Prepayments	2,392,909	39,864	2,432,773	2,459,247	48,292	2,507,539
	5,101,987	1,221,097	6,323,084	4,900,887	1,409,524	6,310,411



Notes to the Condensed Consolidated Interim Financial Information (Continued)

9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

(a) Trade and other receivables

	Unaudited As at 30 June 2022			Restated As at 31 December 2021		
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000	Non-current RMB'000	Total RMB'000
Trade receivables (i)	185,190	–	185,190	101,557	–	101,557
Less: provision for impairment of trade receivables	(55,910)	–	(55,910)	(47,217)	–	(47,217)
Trade receivables – net	129,280	–	129,280	54,340	–	54,340
Receivables due from related parties (Note 23(vi))	612,604	1,133,793	1,746,397	1,895,055	1,289,565	3,184,620
Receivables due from non-controlling interests of subsidiaries	1,631,040	–	1,631,040	176,832	–	176,832
Other receivables	357,262	77,637	434,899	335,719	93,647	429,366
	2,600,906	1,211,430	3,812,336	2,407,606	1,383,212	3,790,818
Less: provision for impairment of other receivable	(21,108)	(30,197)	(51,305)	(20,306)	(21,980)	(42,286)
Other receivables – net	2,579,798	1,181,233	3,761,031	2,387,300	1,361,232	3,748,532
	2,709,078	1,181,233	3,890,311	2,441,640	1,361,232	3,802,872



Notes to the Condensed Consolidated Interim Financial Information (Continued)

9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

(a) Trade and other receivables (Continued)

(i) Trade receivables

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

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

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

10. SHARE CAPITAL

	Audited As at 31 December 2021 RMB'000	Movement during the period RMB'000	Unaudited As at 30 June 2022 RMB'000
Registered, issued and fully paid (3,367,020,000 shares of RMB1 each)	<u>3,367,020</u>	<u>–</u>	<u>3,367,020</u>

11. PERPETUAL BOND

On 28 June 2019, the Company issued perpetual bond, which were redeemable only at the Company's discretion, with initial aggregate principal amount of RMB1,000,000,000 and net proceeds of RMB991,600,000. The Company may elect to defer interest payments and are not subject to any limit as to the number of times of deferral of interest payments.

As the perpetual bonds only impose contractual obligations on the Group to repay principals or to pay any distribution under certain circumstances, which were at Group's discretion, they had in substance offered the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations. Therefore, the net proceeds of the perpetual bonds were presented in the equity of the Group.

On 27 June 2022, the Group has fully redeemed the perpetual bond at its own discretion.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

12. TRADE AND OTHER PAYABLES AND LOANS FROM OTHER PARTIES

	Unaudited As at 30 June 2022			Restated As at 31 December 2021		
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000	Non-current RMB'000	Total RMB'000
Trade and other payables (a)	10,545,301	–	10,545,301	11,095,778	–	11,095,778
Loans/advances from other parties (b)	2,351,300	2,874,529	5,225,829	3,240,608	2,148,385	5,388,993
	<u>12,896,601</u>	<u>2,874,529</u>	<u>15,771,130</u>	<u>14,336,386</u>	<u>2,148,385</u>	<u>16,484,771</u>

(a) Trade and other payables

	Unaudited As at 30 June 2022			Restated As at 31 December 2021		
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000	Non-current RMB'000	Total RMB'000
Trade payables	6,978,402	–	6,978,402	7,695,537	–	7,695,537
Prepaid rental income from tenants	232,758	–	232,758	236,089	–	236,089
Dividends payable to non-controlling shareholders of subsidiaries	899,062	–	899,062	1,162	–	1,162
Dividends payable to related parties (Note 23(vi))	11,610	–	11,610	397,000	–	397,000
Amounts due to non-controlling shareholders of subsidiaries	42,651	–	42,651	–	–	–
Amounts due to related parties (Note 23(vi))	34,353	–	34,353	104,289	–	104,289
Employee termination benefit obligations-current portion	11,475	–	11,475	9,203	–	9,203
Other taxes payable	1,073,910	–	1,073,910	1,097,752	–	1,097,752
Other payables	1,261,080	–	1,261,080	1,554,746	–	1,554,746
	<u>10,545,301</u>	<u>–</u>	<u>10,545,301</u>	<u>11,095,778</u>	<u>–</u>	<u>11,095,778</u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

12. TRADE AND OTHER PAYABLES AND LOANS FROM OTHER PARTIES (CONTINUED)

(b) Loans/advances from other parties

	Unaudited As at 30 June 2022			Audited As at 31 December 2021		
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000	Non-current RMB'000	Total RMB'000
Loans from non-controlling shareholders of subsidiaries (i)	798,210	541,592	1,339,802	1,314,082	105,448	1,419,530
Loans from a third party contractor (ii)	508,998	–	508,998	590,858	–	590,858
Loans from BNSIGC (Note 23(vi))	600,000	1,600,000	2,200,000	800,000	1,300,000	2,100,000
Commercial mortgage backed securities ("CMBS") issued by a subsidiary of the Company (iii)	19,000	732,937	751,937	18,000	742,937	760,937
Advances from non-controlling interests	48,272	–	48,272	49,658	–	49,658
Loans/advances from related parties (Note 23(vi))	376,820	–	376,820	468,010	–	468,010
	2,351,300	2,874,529	5,225,829	3,240,608	2,148,385	5,388,993

(i) Loans from non-controlling shareholders of subsidiaries ("non-controlling interests") are all unsecured loans. Loans from non-controlling interests of RMB1,054,484,000 and RMB285,318,000 (At 31 December 2021: RMB1,014,702,000, RMB300,018,000 and RMB104,810,000) bear interests at fixed rates of 6.5% and 7% (At 31 December 2021: 6.5%, 7% and 10.5%) per annum respectively.

(ii) The loans are unsecured and bear interests of a fixed rate of 6.5% per annum.

(iii) On 20 December 2018, Beijing North Star Real Estate Group Co. Limited ("NSREG") issued CMBS of RMB1,050,000,000, which has a term of 18 years and are divided into senior tranche A, senior tranche B and junior tranche with principal of RMB527,000,000, RMB473,000,000 and RMB50,000,000 respectively. NSREG has purchased all the junior tranche C of the CMBS. CMBS entered the open exit filing period every three years and the senior tranches A and B of the CMBS were guaranteed by the Group. On 30 November 2021, the coupon rate on senior tranche A was adjusted to 4.2% per annum and the coupon rate on senior tranche B was adjusted to 4.7% per annum. During the six months ended 30 June 2022, the Group repaid part of the CMBS of RMB9,000,000 (six months ended 30 June 2021: RMB8,000,000) according to the payment schedule.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

12. TRADE AND OTHER PAYABLES AND LOANS FROM OTHER PARTIES (CONTINUED)

- (c) The carrying amounts of the Group's trade and other payables and loans/advances from other parties are denominated in Renminbi.
- (d) The carrying amounts of current portion of trade and other payables and loans/advances from other parties approximate their fair values. The fair values of the non-current portion of loans/advances from other parties are not materially different from their carrying amounts as they bear interests at rates which are comparable to market interest rates for similar instruments.

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

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



Notes to the Condensed Consolidated Interim Financial Information

13. BORROWINGS

	Unaudited As at 30 June 2022 RMB'000	Restated As at 31 December 2021 RMB'000
Non-current		
Long term borrowings		
– Secured and guaranteed borrowings (a)	20,520,538	21,716,974
– Unsecured bank borrowings	22,848	22,847
– 7 year bonds of 2015 (b)	–	1,497,634
– 5 year medium term note of 2017 (b)	1,119,506	1,118,418
– 5 year bonds of 2019 (b)	371,060	1,195,319
– 5 year bonds of 2020 (b)	597,439	596,962
– 2 year medium term notes of 2020 (b)	259,765	259,510
– 5 year bonds of 2021 (I) (b)	318,210	318,121
– 5 year medium term notes of 2021 (b)	1,446,733	1,446,395
– 5 year bonds of 2021 (II) (b)	1,335,364	1,334,989
– 5 year medium term note of 2022 (I) (b)	1,049,765	–
– 5 year bonds of 2022 (I) (b)	822,606	–
	<u>27,863,834</u>	<u>29,507,169</u>
Less: current portion of long-term borrowings	<u>(8,632,907)</u>	<u>(9,632,587)</u>
	<u>19,230,927</u>	<u>19,874,582</u>
Current		
Current portion of long-term borrowings	<u>8,632,907</u>	<u>9,632,587</u>
Total borrowings	<u><u>27,863,834</u></u>	<u><u>29,507,169</u></u>

(i) As at 30 June 2022, the interest payable of borrowings of approximately RMB154,964,000 has been included in current portion of long-term borrowings.

(a) Secured and guaranteed borrowings

Secured borrowings

As at 30 June 2022, long term borrowings of RMB15,267,853,000 (At 31 December 2021: RMB15,752,053,000) were secured by certain right-of-use assets, investment properties, hotel properties, properties under development and completed properties held for sale. Out of these secured borrowings, borrowings of RMB993,000,000 (At 31 December 2021: RMB994,000,000) are guaranteed by BNSIGC (Note 23(x)).

Guaranteed borrowings

As at 30 June 2022, long term borrowings of RMB4,194,000,000 (At 31 December 2021: RMB5,590,000,000) obtained by certain subsidiaries are unsecured and guaranteed by the Company and borrowings of RMB1,058,685,000 obtained by the Company was unsecured and guaranteed by subsidiaries (2021: RMB374,921,000).



Notes to the Condensed Consolidated Interim Financial Information (Continued)

13. BORROWINGS (CONTINUED)

- (b) On 20 January 2015, the Company issued corporate bonds amounting to RMB2,500,000,000. Among which, corporate bonds of RMB1,500,000,000 which had a term of 7 years ("7 year bonds"), carried an interest rate of 5.2% per annum and also embedded a put option to the investors at the end of the fifth year. On 20 January 2020, certain investors put to sell back 7 year bonds of RMB2,225,000 to Company and the remaining 7 year bonds carried an interest rate of 5.2% per annum. The interests on the 7 year bonds were payable annually and the principals are fully repaid on 20 January 2022.

On 20 September 2017, the Company issued medium term note with an aggregate principal amount of RMB1,320,000,000. This term note has a term of 5 years, carries a coupon rate of 5.14% per annum, and also embedded a put option to the investors at the end the third year. On 20 September 2020, certain investors put to sell back medium term note of RMB200,000,000 to Company and the remaining medium term note carries an interest rate of 3.80% per annum. The interests on this medium term note were paid annually and the principal is fully repayable on 20 September 2022.

On 16 April 2019, the Company issued corporate bonds with an aggregate principal amount of RMB1,200,000,000. These bonds have a term of 5 years, carry a coupon rate of 4.80% per annum and also embedded a put option to the investors at the end of the third year. The net proceeds of these bonds were RMB1,190,400,000 (net of issuance costs of RMB9,600,000). On 16 April 2022, certain investors put to sell back 5 year bonds of RMB826,000,000 to Company and the remaining 5 year bonds carries an interest rate of 3.55% per annum. The interests on these bonds were paid annually and the principal is fully repayable on 16 April 2024.

On 15 January 2020, the Company issued corporate bonds with an aggregate principal amount of RMB600,000,000. These bonds have a term of 5 years, carry a coupon rate of 4.17% per annum and also embedded a put option to the investors at the end of the third year. The net proceeds of these bonds were RMB595,200,000 (net of issuance costs of RMB4,800,000). The interests on these bonds were paid annually and the principal is fully repayable on 15 January 2025.

On 28 October 2020, the Company issued medium term note with an aggregate principal amount of RMB260,000,000. This medium term note has a term of 2 years, carries a coupon rate of 3.78% per annum. The net proceeds of this medium term note were RMB258,830,000 (net of issuance costs of RMB1,170,000). The interests on these bonds were paid annually and the principal is fully repayable on 28 October 2022.

On 26 July 2021, the Company issued corporate bonds with an aggregate principal amount of RMB319,000,000. It has a term of 5 years, carries a coupon rate of 3.46% per annum and also embedded a put option to the investors at the end of the third year. The net proceeds of this bond were RMB318,043,000 (net of issuance costs of RMB957,000). The interests on these bonds were paid annually and the principal is fully repayable on 26 July 2026.

On 21 December 2021, the Company issued medium term note with an aggregate principal amount of RMB1,450,000,000. It has a term of 5 years, carries a coupon rate of 3.50% per annum and also embedded a put option to the investors at the end of the third year. The net proceeds of this bond were RMB1,446,375,000 (net of issuance costs of RMB3,625,000). The interests on these bonds were paid annually and the principal is fully repayable on 21 December 2026.

On 29 December 2021, the Company issued corporate bonds with an aggregate principal amount of RMB1,339,000,000. It has a term of 5 years, carries a coupon rate of 3.46% per annum and also embedded a put option to the investors at the end of the third year. The net proceeds of this bond were RMB1,334,983,000 (net of issuance costs of RMB4,017,000). The interests on these bonds were paid annually and the principal is fully repayable on 29 December 2026.



Notes to the Condensed Consolidated Interim Financial Information (Continued)

13. BORROWINGS (CONTINUED)

On 25 April 2022, the Company issued medium term note with an aggregate principal amount of RMB1,052,000,000. It has a term of 5 years, carries a coupon rate of 3.60% per annum and also embedded a put option to the investors at the end of the third year. The net proceeds of this bond were RMB1,049,686,000 (net of issuance costs of RMB2,314,000). The interests on these bonds were paid annually and the principal is fully repayable on 25 April 2027.

On 28 April 2022, the Company issued corporate bonds with an aggregate principal amount of RMB825,000,000. It has a term of 5 years, carries a coupon rate of 3.50% per annum and also embedded a put option to the investors at the end of the third year. The net proceeds of this bond were RMB822,525,000 (net of issuance costs of RMB2,475,000). The interests on these bonds were paid annually and the principal is fully repayable on 28 April 2027.

(c) Movements in borrowings are analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
		(Restated)
Opening amount as at 1 January	29,507,169	27,998,552
Addition of borrowings	1,492,192	8,749,300
Addition of bonds	1,872,211	–
Repayment of borrowings	(2,688,628)	(10,247,735)
Repayment of bonds	(2,323,775)	(360,000)
Amortisation of issuance costs of bonds	4,665	4,669
Closing amount as at 30 June	27,863,834	26,144,786

14. BUSINESS COMBINATION UNDER COMMON CONTROL

On 30 June 2022, Capital Convention (Group) Co., Ltd. (the "CCCL"), a subsidiary of the Group, acquired 100% of the equity interest of BIEC from BNSIGC, at a purchase consideration of RMB111,511,000. The Group has paid the consideration to BNSIGC on 22 June 2022. The payment is accounted for as a deemed distribution to BNSIGC.

The acquisition is considered as a business combination involving entities under common control and has been accounted for by using merger accounting method. Accordingly, the Group's consolidated balance sheet as at 31 December 2021 and its interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows have been restated to include the historical financial information of BIEC since the date when BIEC first under the control of BNSIGC.

The adoption of merger accounting for the six months ended 30 June 2021 has resulted in an increase in the Group's total comprehensive income and profit attributable to ordinary shareholders of the Company for the six months ended 30 June 2021 by approximately RMB12,761,000 and RMB12,761,000 respectively.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

14. BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

The following is a reconciliation of the effect arising from the acquisition of BIEC which is accounted for under common control combination on the consolidated financial statements.

	Balances as previously reported	As at 31 December 2021 Merger of BIEC	Elimination of inter-company balances	Balances as restated (Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Consolidated balance sheet				
Total assets	88,367,267	118,496	(6,411)	88,479,352
Total liabilities	62,561,175	56,261	(6,617)	62,610,819
Total equity	25,806,092	62,235	206	25,868,533
Interim condensed consolidated income statement				
	Previously reported	Unaudited Six months ended 30 June 2021 Merger of BIEC	Elimination of inter-company balances	As restated
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total revenue	10,244,782	81,795	(1,058)	10,325,519
Profit for the period	286,123	12,797	(36)	298,884

Notes to the Condensed Consolidated Interim Financial Information (Continued)

15. OPERATING PROFIT

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

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

The Group has no non-financial assets that have an indefinite life during the period.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. No impairment is charged or reversed for the six months ended 30 June 2022 and 2021.

No properties under development, completed properties held for sale and other inventories were written off during the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

16. FINANCE INCOME AND EXPENSES

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

Notes to the Condensed Consolidated Interim Financial Information (Continued)

17. INCOME TAX EXPENSE

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

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

18. (LOSSES)/EARNINGS PER SHARE

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

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

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

Notes to the Condensed Consolidated Interim Financial Information (Continued)

19. DIVIDENDS

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

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

20. PLEDGED OF ASSETS

As at 30 June 2022, certain investment properties with fair value of RMB10,945,400,000 (At 31 December 2021: RMB12,810,000,000), right-of-use assets with net book value of RMB411,349,000 (At 31 December 2021: RMB418,304,000), property plant and equipment with net book value of RMB1,694,948,000 (At 31 December 2021: RMB1,619,550,000), properties under development with carrying amount of RMB7,194,851,000 (At 31 December 2021: RMB9,393,670,000), completed properties held for sale with carrying amount of RMB1,673,068,000 (At 31 December 2021: RMB3,130,464,000) were pledged by the Group as securities for borrowings of RMB15,267,853,000 (At 31 December 2021: RMB15,752,053,000).

21. FINANCIAL GUARANTEES

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. The outstanding guarantees amounted to RMB13,623,048,000 as at 30 June 2022 (At 31 December 2021: RMB13,901,298,000).

Such guarantees terminate upon: (i) issuance of the real estate ownership certificate which will generally be available within six months to two years after the Group delivers possession of the relevant properties to its purchasers; (ii) completion of mortgage registration; and (iii) issuance of the real estate miscellaneous right certificate relating to the relevant property.

The Group has not recognised any liabilities in connection with the aforesaid financial guarantee contracts as the directors of the Company are of the view that it is remote for the Group to suffer from any significant losses on these financial guarantee contracts.



Notes to the Condensed Consolidated Interim Financial Information (Continued)

22. COMMITMENTS

- (a) Commitments in respect of development costs attributable to properties under development, investment properties and hotel properties:

	Unaudited As at 30 June 2022 RMB'000	Restated As at 31 December 2021 RMB'000
Properties under development		
– Contracted but not provided for	5,859,913	6,950,657
– Authorised but not contracted for	4,319,921	4,778,575
	<u>10,179,834</u>	<u>11,729,232</u>
Investment properties and hotel properties		
– Contracted but not provided for	82,114	134,575
– Authorised but not contracted for	22,580	23,327
	<u>104,694</u>	<u>157,902</u>

- (b) At 30 June 2022 and 31 December 2021, the Group had future aggregate minimum rental receivables under non-cancellable operating leases as lessor as follows:

	Unaudited As at 30 June 2022 RMB'000	Restated As at 31 December 2021 RMB'000
Rental receivables in respect of investment properties		
Not later than one year	940,985	889,844
Later than one year and not later than five years	1,143,309	936,951
Later than five years	762,307	798,064
	<u>2,846,601</u>	<u>2,624,859</u>



Notes to the Condensed Consolidated Interim Financial Information (Continued)

23. RELATED PARTY TRANSACTIONS

The Group is controlled by BNSIGC, which owns 34.48% of the Company's shares. The remaining 65.52% of the shares are widely held.

BNSIGC itself is a state-owned enterprise controlled by the PRC government. For the six months ended 30 June 2022 and 2021, the Group's significant transactions with entities that are controlled, jointly controlled or significantly influenced by the PRC government (collectively the "government controlled entities") mainly include the drawdown of bank borrowings and purchases of certain goods and services from these government controlled entities. The transactions with the government controlled entities are carried out on pricing and settlement terms agreed with counter parties in the ordinary course of business.

For the purpose of related party transaction disclosures, the Group has in place procedures to assist the identification of the immediate ownership structure of its customers and suppliers as to whether they are government controlled entities (including state-owned enterprises). Many government controlled entities have multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatization programmes. Due to the pervasiveness of the Group's real estate development, convention and exhibition (including hotels) and commercial properties transactions with the government controlled entities, their employees, key management personnel and close family members, and other related parties, there is no feasible way to track such transactions and ensure the completeness of certain disclosures. Nevertheless, management believes that all material related party transactions and balances, of which they are aware of, have been adequately disclosed in this interim financial information.

For the six months ended 30 June 2022, some non-controlling shareholders of certain subsidiaries of the Group has significant influence over the related subsidiaries which were material to the Group, and hence were deemed as a related party of the Group for the purpose of this related party transaction disclosure note. These non-controlling shareholders include Wuhan Optics Valley Creative Industry Base Construction Investment Co., Ltd. ("WHJD"), Wuhan Jielong Investment Co., Ltd. ("WHJL"), Shenzhen Jiangwan Information Consulting Co., Ltd. ("SZJW") and Beijing Jinyu Real Estate Development Group Co., Ltd. ("JYDC").

For the six months ended 30 June 2022, Nanjing Ningkan Investment Management Co., Ltd. ("NJNK"), Hefei Xuhui Business Management Co., Ltd. ("HFXH"), Xu Zhao (HK) Co., Ltd. ("XZHK"), and Shanghai Xinzhi Construction Engineering Co., Ltd. ("SHXZ"), Sichuan New Hope Real Estate Development Co., Ltd. ("SCNH") become immaterial to the Group and hence the companies mentioned above and its subsidiaries are no longer deemed as a related party of the Group for the purpose of this related party transaction disclosure note.



Notes to the Condensed Consolidated Interim Financial Information (Continued)

23. RELATED PARTY TRANSACTIONS (CONTINUED)

(i) Purchases/provision of services with related parties

In addition to the abovementioned transactions with the government controlled entities and the related party information shown elsewhere in this interim financial information, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the period and balances arising from related party transactions at the end of the period as indicated:

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
		(Restated)
Provision of services		
Beijing North Star Exhibition Investment Co., Ltd. ("BNSEIC", controlled by the same ultimate parent company) (internet service income)	432	472
BNSEIC (rental income)	2,547	2,345
Beijing Chenxing International Exhibition Co., Ltd. ("BJCXIEC", controlled by the same ultimate parent company) (rental income)	841	–
Beijing Beichen Yayun Village Automotive Exchange Market Center ("YVAEX", controlled by the same ultimate parent company) (internet service income)	52	–
	<u>52</u>	<u>–</u>
Purchases of services		
BNSIGC (brand royalty fee)	5	5
BNSIGC (rental expenses)	450	450
Beijing Asia Olympic Technology Co., Ltd. ("KCYA", controlled by the same ultimate parent company) (purchase of various goods and services)	1,429	7,925
	<u>1,429</u>	<u>7,925</u>

- (a) Purchases/provision of services are carried out in accordance with the terms as mutually agreed between the parties.



Notes to the Condensed Consolidated Interim Financial Information (Continued)

23. RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Loans from BNSIGC

	Unaudited 2022 RMB'000	Restated 2021 RMB'000
At 1 January	2,102,950	1,001,232
Proceeds from loans	400,000	1,500,000
Repayments	(300,000)	(500,000)
Interest accrued	57,073	37,087
Interest paid	(57,187)	(36,152)
At 30 June	<u>2,202,836</u>	<u>2,002,167</u>

As at 17 December 2020, the Company obtained a loan of RMB500,000,000 from BNSIGC, which is unsecured, bears interests at a fixed interest rate of 4.75% per annum, and is repayable on 16 December 2023.

As at 25 June 2021, the Company obtained a loan of RMB300,000,000 from BNSIGC, which is unsecured, bears interests at a fixed interest rate of 4.75% per annum, and is repayable on 24 June 2024.

As at 17 August 2021, the Company obtained a loan of RMB500,000,000 from BNSIGC, which is unsecured, bears interests at a fixed interest rate of 4.35% per annum, and is repayable on 16 August 2022.

As at 17 August 2021, the Company obtained a loan of RMB500,000,000 from BNSIGC, which is unsecured, bears interests at a fixed interest rate of 4.75% per annum, and is repayable on 17 August 2024.

As at 28 June 2021, the Company obtained a loan of RMB300,000,000 from BNSIGC, which was unsecured, bore interests at a fixed interest rate of 4.35% per annum, and was fully repaid on 24 June 2022.

On 12 January 2022, the Company obtained a loan of RMB300,000,000 from BNSIGC, which is unsecured, bears interests at a fixed interest rate of 4.75% per annum, and is repayable on 11 January 2024.

On 12 January 2022, the Company obtained a loan of RMB100,000,000 from BNSIGC, which is unsecured, bears interests at a fixed interest rate of 4.35% per annum, and is repayable on 11 January 2023.

(iii) Project cooperation funds to joint ventures and an associate

The Group has provided project cooperation funds to its joint venture, Wuhan Jinchenyingchuang Real Estate Co., Limited ("WHJCYC"), and its associates, Guangzhou Guangyue Real Estate Co., Limited ("GZGY") and Beijing Chenxuan Real Estate Co., Limited ("BJCX").

Six months ended 30 June 2022 (Unaudited)	WHJCYC(a) RMB'000	GZGY(b) RMB'000	BJCX(c) RMB'000	Total RMB'000
At 1 January 2022	392,827	441,854	633,230	1,467,911
Project cooperation funds granted	2,258	152,880	—	155,138
Repayments of project cooperation funds	(19,600)	—	(250,000)	(269,600)
Interest income accrued	12,111	15,507	19,878	47,496
Interest income received	(12,216)	(15,332)	—	(27,548)
At 30 June 2022	<u>375,380</u>	<u>594,909</u>	<u>403,108</u>	<u>1,373,397</u>

Notes to the Condensed Consolidated Interim Financial Information (Continued)

23. RELATED PARTY TRANSACTIONS (CONTINUED)

(iii) Project cooperation funds to joint ventures and an associate

Six months ended 30 June 2021 (Unaudited)	WHJCYC(a) RMB'000	GZGY(b) RMB'000	BJCX(c) RMB'000	Total RMB'000
At 1 January 2021	—	161,521	—	161,521
Project cooperation funds granted	19,600	115,150	—	134,750
Repayments of project cooperation funds	—	—	—	—
Interest income accrued	191	6,280	—	6,471
Interest income received	(156)	(6,097)	—	(6,253)
At 30 June 2021	19,635	276,854	—	296,489

- (a) The funds to WHJCYC are unsecured, bear interests at fixed rate of 6.5% per annum and are repayable by installment within two years.
- (b) The funds to GZGY are unsecured, bear interests at fixed rate of 6.5% per annum and are repayable by installment within two years.
- (c) The funds to BJCX are unsecured, bear interests at fixed rate of 6.5% per annum and are repayable by installment within two years.

(iv) Funds from related parties

The Group has received funds from its joint ventures, Wuhan Modern Land North Star Real Estate Co., Limited ("WHML"), Hangzhou Jinhu Real Estate Development Co., Limited ("HZJH"), Hangzhou Chenxu Investment Co., Limited ("HZCX"), Wixi North Star Shengyang Real Estate Development Co., Limited ("WXSX"), and its associate, Wuxi ChenWan Real Estate Co., Limited ("WXCW") and from its non-controlling shareholders of certain subsidiaries of the Group, WHJL and WHJD.

Six months ended 30 June 2022 (Unaudited)	WHML RMB'000	HZJH RMB'000	HZCX RMB'000	WXSX RMB'000	WXCW RMB'000	WHJL RMB'000	WHJD RMB'000	Total RMB'000
At 1 January 2022	42,000	152,500	58,160	208,000	7,350	54,020	50,790	572,820
Funds obtained	—	—	—	—	—	—	—	—
Repayment of funds (Note 23(vii))	—	—	—	(196,000)	—	—	—	(196,000)
At 30 June 2022	42,000	152,500	58,160	12,000	7,350	54,020	50,790	376,820
Six months ended 30 June 2021 (Restated)	WHML RMB'000	HZJH RMB'000	HZCX RMB'000	WXSX RMB'000	WXCW RMB'000	Total RMB'000		
At 1 January 2021	42,000	137,500	58,160	380,000	147,000	764,660		
Funds obtained	—	—	—	—	—	—		
Repayment of funds	—	—	—	(172,000)	—	(172,000)		
At 30 June 2021	42,000	137,500	58,160	208,000	147,000	592,660		

The funds advanced from joint ventures and associates are unsecured, interest free and have no fixed terms of repayment.

The funds advanced from WHJL and WHJD are unsecured, bear interests at a fixed rate of 10.5% per annum and have no fixed terms of repayment.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

23. RELATED PARTY TRANSACTIONS (CONTINUED)

(v) Funds advanced to related parties

Six months ended 30 June 2022 (Unaudited)	BNSIGC RMB'000	SZJW RMB'000	JYDC RMB'000	Total RMB'000
At 1 January 2022, as restated	107,925	79,000	—	186,925
Funds granted	17,309	—	294,000	311,309
Repayments of funds	(125,234)	—	—	(125,234)
At 30 June 2022	—	79,000	294,000	373,000

The funds advanced to related parties are unsecured, interest free and have no fixed terms of repayment.

The amount due from BNSIGC as at 1 January 2022 was restated due to business combination involving entities under common control as mentioned in Note 14 and the amount was fully repaid by BNSIGC in June 2022.

(vi) Balances arising from purchases of goods and services, advances and funds

	Unaudited 30 June 2022 RMB'000	Restated 31 December 2021 RMB'000
Trade and other receivables from related parties		
– GZGY	594,909	441,854
– BJCX	403,108	633,230
– WHJCYC	375,380	392,827
– JYDC	294,000	—
– SZJW	79,000	79,000
– BNSEIC	891	—
– BNSIGC	—	107,925
– SCNH	—	543,214
– XZHK	—	680,000
– HFXH	—	65,000
– NJNK	—	241,570
	1,747,288	3,184,620
Trade and other payables to related parties		
– WHJL	20,629	—
– BNSIGC	14,446	2,950
– WHJD	5,555	—
– KCYA	3,204	2,306
– BNSEIC	1,196	1,196
– JYDC	933	—
– SCNH	—	48,292
– NJNK	—	164,238
– SHXZ	—	6,894
– XZHK	—	275,413
	45,963	501,289

Notes to the Condensed Consolidated Interim Financial Information (Continued)

23. RELATED PARTY TRANSACTIONS (CONTINUED)

(vi) Balances arising from purchases of goods and services, advances and funds (Continued)

	Unaudited 30 June 2022 RMB'000	Restated 31 December 2021 RMB'000
Loans/advances from related parties		
– BNSIGC	2,200,000	2,100,000
– HZJH	152,500	152,500
– HZCX	58,160	58,160
– WHJL	54,020	—
– WHJD	50,790	—
– WHML	42,000	42,000
– WXSJ	12,000	208,000
– WXCW	7,350	7,350
	2,576,820	2,568,010

- (vii) The Group's joint venture, WXSJ, has declared a dividend of RMB490,000,000 in June 2022, among which dividend of RMB196,000,000 is entitled by the Group and has been offset against the amounts due to the joint venture.

(viii) Key management compensation

	Unaudited Six months ended 30 June 2022 RMB'000	2021 RMB'000
Salaries and other short-term employee benefits	7,263	6,303
Post-employment benefits	1,058	993
	8,321	7,296



Notes to the Condensed Consolidated Interim Financial Information (Continued)

23. RELATED PARTY TRANSACTIONS (CONTINUED)

(ix) Lease liabilities

	Unaudited As at 30 June 2022 RMB'000	Restated As at 31 December 2021 RMB'000
BNSIGC (lease liability in respect of the Land)	15,630	15,433

- (a) On 27 September 2019, the Company and BNSIGC have entered into an Asset Transfer Agreement pursuant to which the Company will acquire a piece of land (located in Beijing, the PRC) (the "Land") from BNSIGC.

As of the date of this interim financial information, the proposed acquisition of the Land has not yet been completed because the final transfer price has yet to be approved by Beijing SASAC and the proposed acquisition of the Land has to be approved by the independent shareholders of the Company.

The Group has recognised a right-of-use asset and lease liability based on the transitional period arrangements agreed upon by both parties.

(x) Accept financial guarantee

Pursuant to the agreements as entered into between BNSIGC and the Group, BNSIGC provides joint liability counter-guarantee for the Group's borrowings from Beijing International Trust Company Limited, which amounted to RMB993,000,000 as at 30 June 2022 (At 31 December 2021: RMB994,000,000).

24. EVENTS AFTER THE BALANCE SHEET DATE

On 22 August 2022, the Company issued a medium term note with an aggregate principal amount of RMB1,430,000,000. It has a term of 5 years, carries a coupon rate of 3.48% per annum and also embedded a put option to the investors at the end of the third year. The net proceeds of this bond is RMB1,426,997,000 (net of issuance costs of RMB3,003,000). The interests on the medium term notes will be paid annually and the principal is fully repayable on 22 August 2027.



Supplementary Information

RECONCILIATION OF CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

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



Management Discussion and Analysis

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

(I) Summary of the Businesses of the Company

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

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

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



Real View of Wuhan Gemdale & Beijing North Star • Villa Times



Changsha North Star Delta



On-site of Wuhan Beijing North Star • ETDZ Supreme +
(ETDZ: Economic & Technology Development Zone)



Site Opening Activity of Lot 11 of Phase IV of
Chongqing North Star • Yuelai Mansion One

Management Discussion and Analysis (Continued)

(II) Development of Our Industry

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

1. Real Estate Development

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

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



Demonstration Block of Suzhou Guanlan Mansion



Real View of Beijing North Star Red Oak Villa



Night View of Chengdu North Star Luming Mansion



Real View of North Star • Villa Courtyard 1900

Management Discussion and Analysis (Continued)

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

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

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



Main Media Center for the Winter Olympics

Management Discussion and Analysis (Continued)

II. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

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

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



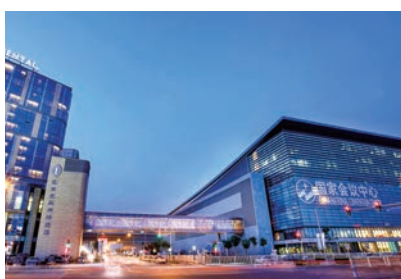
North Star Times Tower



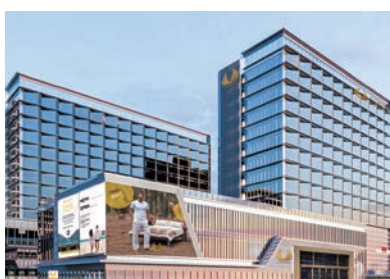
North Star Century Center



Night View of Changsha North Star Delta



Intercontinental Beijing North Star Hotel and National Convention Center



V-Continent Nanjing Executive Apartment



Demonstration Block of Suzhou Guanlan Mansion

On the other hand, as one of the PRC's largest exhibition venues operators, the Company boasts the comparative advantage in the fields of high-end exhibition and hotel operation and services and exhibition venues management, and its brand awareness and influence have continuously increased. The Company holds and operates more than 1,200,000 square meters of commercial properties (including hotels) in the Asian-Olympic core district in Beijing. With more than 20 years of experience in exhibition and hotel professional operation and the ability in providing internationalized operation service standards and teams, the Company carries out active exploration and practice for the whole value chain covering the operation and management of convention and exhibition venues, sponsoring and undertaking of conventions and exhibitions, informationization of convention and exhibition, and research and development on exhibitions, forming the integration and interaction ability for the whole industry chain of conventions and exhibitions. In recent years, it has successfully delivered hosting services for an array of national, integrated and international conferences such as the Olympic Games, APEC summit, CIFTIS, G20 Hangzhou Summit and "Belt and Road" Forum for International Cooperation, BRICS Xiamen Summit, China-Arab States Expo, the Qingdao Summit of Shanghai Cooperation Organization, Beijing Summit of the Forum on China-Africa Cooperation, the first session of United Nations World Geospatial Information Congress and Beijing Xiangshan Forum, International Horticultural Exhibition Beijing China and Conference on Dialogue of Asian Civilizations, creating a globally renowned service brand of North Star.

Management Discussion and Analysis (Continued)

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

III. DISCUSSION AND ANALYSIS ON BUSINESS CONDITIONS

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

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

1. Real Estate Development

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

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



Construction Site of Hangzhou North Star • Chunlan Mansion



Construction Site of North Star Mansion in Haikou



Management Discussion and Analysis (Continued)

Strengthening Risk Prevention Awareness by Insisting on Prudent Investment.

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

Enriching Marketing Means and Cutting Excess Inventory.

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

Strengthening Capital Management and Control to Guarantee Stable Cash Flow.

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

Enhancing Project Management to Ensure Smooth Project Delivery.

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



Suzhou Guanlan Mansion Townhouse Showroom

Management Discussion and Analysis (Continued)

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'000 million)	Actual investment amount during the Reporting Period (RMB'000 million)	Planned plot ratio-based gross floor area	Equity area development	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 during the Reporting Period	Saleable area during the Reporting Period	Contracted area during the Reporting Period	Booked revenue during the Reporting Period	Area to be booked during the Reporting Period
1	Beijing North Star Xiangyu	Haidian, Beijing	Residence	Completed	100%	28.59	-	142,400	312,100	230,000	-	312,100	-	312,100	304	1,222	4,658	727
2	Beijing North Star Red Oak Villa	Changping, Beijing	Villa	Under Construction	100%	34.00	1.41	287,500	213,700	150,000	-	213,700	40,200	173,500	28,067	248	1,281	1,434
3	Beijing Modern Beichen Via MOVA	Shunyi, Beijing	Owner occupied commodity housing and housing of two limits	Under Construction	50%	23.47	-	52,800	103,300	103,300	54,700	132,500	1,400	131,100	3,153	-	105	-
4	Beijing North Star • Villa Courtyard 1900	Shunyi, Beijing	Residence	Completed	100%	24.45	-	101,200	213,300	140,000	-	213,300	-	213,300	18,881	1,851	5,282	1,019
5	Beijing Co. Ltd.	Haidian, Beijing	Villa	Completed	100%	-	-	6,000	-	-	-	6,000	-	6,000	3,239	3,239	11,475	-
6	Beijing Jinfen Mansion	Changping, Beijing	Residence	Under Construction	51%	53.17	-	86,600	280,100	170,400	86,300	280,100	-	280,100	104,654	17,903	10,148	10,080
7	Beijing Longxin North Star Lanying	Meitugu, Beijing	Residence	New commencement	50%	24.78	0.44	26,000	104,100	66,200	33,100	104,100	104,100	-	55,233	49,466	-	49,486
8	Changsha North Star Delta	Changsha, Hunan	Residence, commercial and office building, etc.	Under Construction	100%	407.08	8.34	780,000	5,200,000	3,820,000	-	4,783,300	334,300	4,449,000	155,433	75,207	10,209	254,323
9	Changsha North Star Central Park	Changsha, Hunan	Residence	Under Construction	51%	24.48	1.16	336,300	927,100	720,000	367,200	927,100	212,800	73,900	33,428	11,148	54,212	47,242
10	Changsha North Star Shiguangli	Changsha, Hunan	Residence and commercial	Under Construction	100%	12.28	0.76	27,700	145,400	107,900	-	145,400	145,400	111,100	40,185	7,179	67,372	60,740
11	Wuhan North Star Contemporary Best+	Wuhan, Hubei	Residence and commercial	Completed	45%	21.00	0.04	104,700	313,300	241,100	108,300	313,300	-	313,300	1,989	1,327	-	-
12	Wuhan North Star Guangli	Wuhan, Hubei	Commercial Service	Under Construction	51%	25.81	0.87	84,200	492,000	337,000	171,900	357,200	75,100	282,100	45,675	1,174	4,030	5,811
13	Wuhan Blue City	Wuhan, Hubei	Residence and commercial	Under Construction	100%	102.68	2.35	353,000	980,100	716,000	-	762,400	17,000	745,400	50,288	3,855	6,641	6,780
14	Wuhan Gendale • North Star • China Chic	Wuhan, Hubei	Residence	Under Construction	51%	13.51	0.36	41,800	178,900	127,000	64,900	178,900	-	178,900	1,385	353	1,043	2,279
15	Wuhan North Star Peacock City Hargian Mansion	Wuhan, Hubei	Residence	Completed	60%	9.88	0.06	75,200	220,400	172,800	103,700	220,400	-	220,400	35,586	75	7,421	4,181
16	Wuhan Beijing North Star • EDTZ Supreme+ (Lot 167)	Wuhan, Hubei	Residence and commercial	Under Construction	80%	12.42	1.11	50,500	177,200	136,200	101,000	177,200	177,200	177,200	51,558	9,712	19,817	14,426
17	Wuhan North Star Jingyayou+ (Lot 168)	Wuhan, Hubei	Residence and commercial	Under Construction	80%	16.38	0.64	63,200	227,700	158,100	126,500	227,700	-	-	-	-	-	-
18	Wuhan Gendale & Beijing North Star • Villa Times	Wuhan, Hubei	Residence and commercial	Under Construction	49%	18.72	0.53	50,500	212,100	151,400	74,200	212,100	166,600	36,700	35,702	5,197	-	-
19	Hangzhou North Star Shustan Project	Hangzhou, Zhejiang	Residence and commercial	Completed	80%	23.13	0.12	83,900	317,900	255,000	188,000	317,900	-	317,900	7,224	87	474	2,057
20	Hangzhou Honor Mansion Grand Lot	Hangzhou, Zhejiang	Residence and commercial	Completed	35%	14.85	-	41,900	108,400	75,000	26,300	108,400	-	108,400	-	-	-	-
21	Hangzhou Honor Mansion Small Lot	Hangzhou, Zhejiang	Residence and commercial	Completed	35%	4.90	-	13,400	32,800	23,000	8,100	32,800	-	32,800	-	-	-	-
22	Hangzhou North Star Gusuohu	Hangzhou, Zhejiang	Residence	Completed	100%	16.60	0.21	21,900	69,900	48,200	-	69,900	-	69,900	-	-	441	-
23	Hangzhou Jinfu Art Villa of City	Hangzhou, Zhejiang	Residence and commercial	Completed	25%	5.50	-	57,400	209,700	144,000	36,000	209,700	-	209,700	-	-	-	-
24	Hangzhou North Star Lingyao Mansion	Hangzhou, Zhejiang	Residence	Under Construction	100%	12.43	1.01	12,200	44,400	25,700	-	44,400	44,400	-	22,487	21,388	-	21,388

Management Discussion and Analysis (Continued)

No.	Project name	Location	Operating site	Project status	Project interests	Total investment (RMB'000 million)	Actual investment amount during the Reporting Period (RMB'000 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				Floor area under construction during the Reporting Period				Completed area during the Reporting Period	Accumulated area during the Reporting Period	Saleable area during the Reporting Period	Contracted area during the Reporting Period	Booked revenue during the Reporting Period	Area to be booked during the Reporting Period
													Period	area	Period	area	Period	area	Period	area						
25	Hangzhou North Star Chenhui Lanchang	Hangzhou, Zhejiang	Residence	Under Construction	100%	37.34	2.49	60,000	276,300	179,500	-	-	276,300	276,300	-	-	38,229	657	-	-	-	-	-	-	-	657
26	Ningbo Becherfu	Ningbo, Zhejiang	Residence	Completed	100%	44.63	0.42	47,300	183,700	137,400	-	-	183,700	-	-	183,700	8,665	-	667	2,988	138	-	-	2,988	138	
27	Ningbo Marston • Virlan	Ningbo, Zhejiang	Residence and commercial	Completed	51%	32.40	0.62	133,000	404,800	292,500	143,200	-	404,800	-	-	404,800	930	785	785	2,074	-	-	-	2,074	-	
28	Ningbo Kangli Bay	Yuyao, Zhejiang	Residence	Under Construction	100%	22.43	1.69	68,700	166,300	116,800	-	-	166,300	166,300	-	-	60,507	10,345	-	-	-	-	-	-	62,402	
29	Nanjing North Star CFF Park Marston • Jin Ling	Nanjing, Jiangsu	Residence	Completed	51%	14.73	0.02	25,300	105,000	70,700	36,100	-	-	105,000	-	-	105,000	-	-	250	-	-	-	-	-	
30	Suzhou North Star CFF No. 1 Courtyard	Suzhou, Jiangsu	Residence and commercial	Completed	50%	17.28	0.02	712,700	273,900	180,500	90,300	-	-	273,900	-	-	273,900	914	912	1,304	-	-	-	-	-	
31	Suzhou Guardian Marston	Suzhou, Jiangsu	Residence and commercial	Under Construction	100%	65.70	2.14	70,000	392,300	268,800	-	-	392,300	168,500	-	-	224,500	65,229	13,348	17,330	25,106	6,893	-	-	6,893	
32	Wuxi Tianyue Juchu	Wuxi, Jiangsu	Residence	Completed	48%	28.60	0.11	88,000	255,400	196,000	96,000	-	-	255,400	-	-	255,400	-	-	-	-	-	-	-	-	
33	Wuxi Times City	Wuxi, Jiangsu	Residence	Under Construction	40%	46.79	0.25	137,900	535,400	413,800	165,500	-	-	535,400	-	-	535,400	-	-	-	-	-	-	-	-	
34	Chengdu North Star • Landsea Southern Gate	Chengdu, Sichuan	Residence and commercial	Completed	40%	9.90	0.06	63,600	237,000	153,600	63,400	-	-	237,000	-	-	237,000	2,989	792	792	1,033	735	-	-	735	
Geen Street																										
35	Chengdu North Star • Xianglu	Chengdu, Sichuan	Residence and commercial	Completed	100%	16.22	0.04	40,400	148,300	96,300	-	-	148,300	-	-	148,300	883	52	496	1,403	382	-	-	1,403	382	
36	Chengdu North Star • South Lake Xianglu	Chengdu, Sichuan	Residence	Completed	100%	27.32	0.39	68,000	297,100	210,000	-	-	297,100	-	-	297,100	10,830	461	974	1,536	2,250	-	-	1,536	2,250	
37	Chengdu North Star Royal Palace	Chengdu, Sichuan	Residence and commercial	Completed	100%	19.02	0.38	26,800	120,000	79,800	-	-	120,000	-	-	120,000	20,904	4,133	9,162	17,326	2,336	-	-	17,326	2,336	
38	Chengdu North Star Lumina Marston	Chengdu, Sichuan	Residence and commercial	Under Construction	80%	23.10	1.00	80,100	227,000	160,200	128,200	-	-	227,000	227,000	-	227,000	7,797	268	95,762	140,134	854	-	-	854	
39	Sichuan North Star Guosonglu	Mianyang, Sichuan	Residence and commercial	Completed	100%	16.24	0.60	59,300	197,400	149,800	-	-	197,400	-	-	197,400	66,740	6,924	13,878	11,322	3,900	-	-	11,322	3,900	
40	Sichuan North Star Longyuan	Mianyang, Sichuan	Residence and commercial	Under Construction	100%	10.94	1.22	69,300	126,800	84,000	-	-	126,800	126,800	-	-	13,334	1,081	-	-	-	-	-	-	-	
41	Lanzhou North Star Xianglu	Lanzhou, Hebei	Residence and commercial	Under Construction	100%	31.28	1.37	140,700	357,700	266,800	-	-	357,700	223,300	-	-	134,400	76,443	14,065	3,155	5,229	44,189	-	-	44,189	
42	Lanzhou North Star Blue City (Lot 2016-4)	Lanzhou, Hebei	Residence	Under Construction	100%	30.76	0.28	82,500	241,600	164,800	-	-	93,700	93,700	-	-	-	-	-	-	-	-	-	-	-	
43	Lanzhou Knapton (Lot 2019-3)	Lanzhou, Hebei	Commercial	In the pipeline	100%	5.75	0.26	21,100	72,800	52,800	-	-	72,800	-	-	-	-	-	-	-	-	-	-	-	-	
44	Lanzhou North Star Chennu (Lot 2020-5)	Lanzhou, Hebei	Residence	In the pipeline	100%	13.43	0.37	46,200	138,300	92,000	-	-	138,300	-	-	-	-	-	-	-	-	-	-	-	-	
45	Hebei North Star CFF Park	Hebei, Anhui	Residence and commercial	Completed	50%	21.07	0.19	141,700	356,200	239,000	119,500	-	-	356,200	-	-	1,211	285	1,437	2,117	1,024	-	-	-	1,024	
Marston • Lujiaohu																										
46	Chongqing • Yueli Marston One	Yueli, Chongqing	Residence and commercial	Under Construction	100%	116.11	6.16	429,100	1,274,000	918,000	-	-	1,153,600	691,800	57,800	519,300	125,332	21,040	41,215	67,331	173,916	-	-	67,331	173,916	
47	Chongqing North Star Xianglu	Yueli, Chongqing	Residence	Under Construction	100%	24.08	2.00	69,200	150,400	102,200	-	-	150,400	150,400	-	-	60,137	12,713	-	-	-	-	-	-	45,004	
48	North Star Marston in Hainan	Hainan, Hainan	Residence and commercial	Under Construction	70%	36.31	2.21	106,800	281,000	206,000	144,200	-	-	120,700	5,600	166,000	73,589	20,120	33,988	63,571	60,045	-	-	-	60,045	
49	Hainan Chonglu Shipa	Hainan, Hainan	Residence	Under Construction	100%	12.35	1.11	30,500	134,700	106,800	-	-	134,700	134,700	-	-	-	-	-	-	-	-	-	-	-	
50	Guangzhou Lanting (Lot 116)	Guangzhou, Guangdong	Residence and commercial	Under Construction	51%	11.19	0.44	25,900	113,700	77,800	33,700	-	-	113,700	-	-	-	-	-	-	-	-	-	-	-	
51	Guangzhou Lanting (Lot 114)	Guangzhou, Guangdong	Residence and commercial	Under Construction	48%	9.66	0.26	25,100	110,800	76,600	37,500	-	-	110,800	-	-	14,145	4,537	-	-	-	-	-	-	-	
Total						1,828.50	45.51	5,363,500	18,303,700	13,222,500	2,620,600	1,240,500	355,800	17,055,100	4,150,600	889,500	13,645,800	1,364,565	322,237	403,815	537,822	851,521	-	-	851,521	

Management Discussion and Analysis (Continued)

Notes:

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

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

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

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

1) Convention and Exhibition (Including Hotels)

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



Service and Reception for the Winter Olympics
(National Convention Centre)



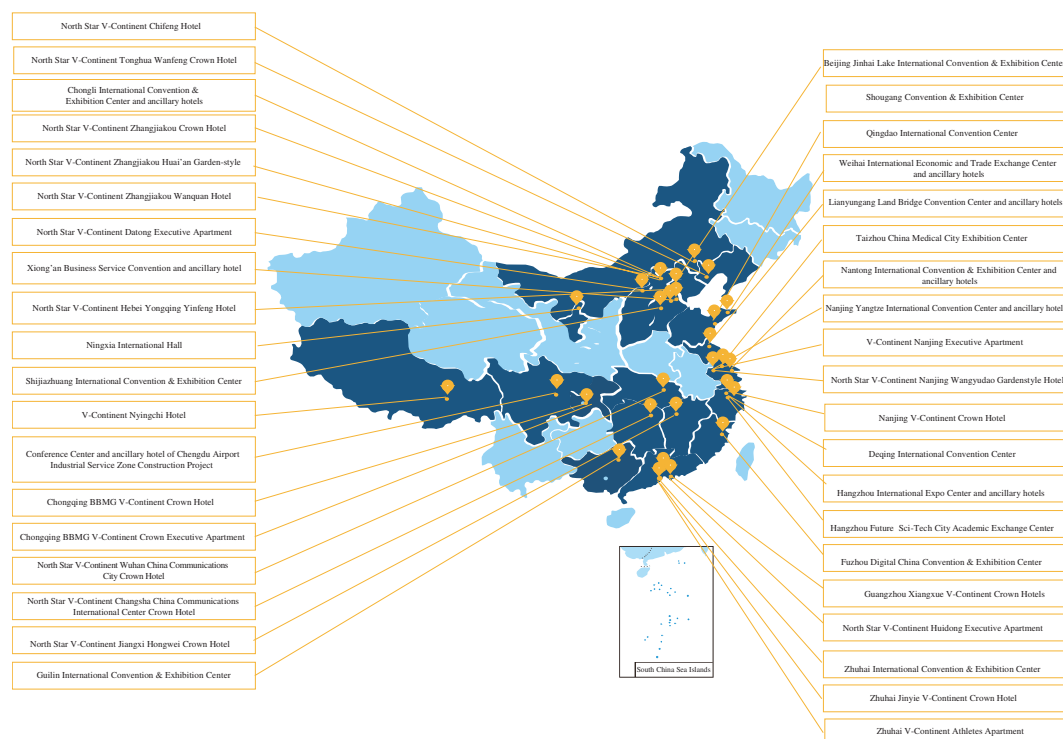
National Convention Centre

Management Discussion and Analysis (Continued)

Accelerating the Expansion of Light-Asset Service Business

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

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



Interior View of the National Convention Centre during the Winter Olympics (Media Reporters at Work)



Service and Reception for the Winter Olympics (National Convention Centre)

Management Discussion and Analysis (Continued)

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

Successfully Consummating Services for Winter Olympic Games and Winter Paralympic Games

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



Snapshot of Service and Reception for the Winter Olympics (Photos)

Management Discussion and Analysis (Continued)

In-Depth Exploration of Digital Transformation of Convention and Exhibition

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



Inspection of Main Media Center by General Secretary of the CPC Central Committee Xi Jinping

Management Discussion and Analysis (Continued)

2) **Commercial Properties**

Establishing a Commercial Management Company to Gather Development Synergy.

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

Stable Operation of Commercial Properties and Other Business Types

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



Integrated Properties in Asian Games Village

Management Discussion and Analysis (Continued)

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

Unit: 0'000 Currency: RMB

No.	Region	Project	Operation format	Construction area of the real estate leased (square meter)	Rental income of the real estate leased	Equity proportion (%)
1	No. 7 Tian Chen Dong Road, Chao Yang District, Beijing	National Convention Center	Convention and exhibition	270,800	9,443	100
2	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Beijing International Convention Center	Convention and exhibition	58,000	2,601	100
3	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Bin Offices	Office building	37,800	3,276	100
4	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Xin Offices	Office building	40,900	3,037	100
5	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	North Star Times Tower	Office building	131,300	8,724	100
6	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	North Star Century Center	Office building	149,800	11,759	100
7	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Zhen Building Property	Office building	8,400	1,094	100
8	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Beijing Continental Grand Hotel	Hotel	42,000	3,832	100
9	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	National Convention Center Hotel	Hotel	42,900	3,351	100
10	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	V-Continent Beijing Parkview Wuzhou Hotel	Hotel	60,200	4,022	100
11	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	Intercontinental Beijing North Star Hotel	Hotel	60,000	5,483	100
12	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Intercontinental Changsha	Hotel	79,200	5,023	100
13	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	North Star Hui Yuan Apartment	Apartment	184,300	10,640	100
14	A13 Beiyuan Road, Chao Yang District, Beijing	B5 Commercial Area of North Star Green Garden	Commercial	49,700	1,863	100
15	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Changsha North Star Delta Joy City	Commercial	100,000	5,489	100
16	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Changsha North Star International Convention Center	Convention and Exhibition	39,100	1,069	100
17	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Changsha North Star International Hotel	Hotel	62,500	1,845	100

- Notes:
- The B5 Commercial Area of North Star Green Garden has been leased to Beijing Shopin Retail Development Co., Ltd. (北京市上品商業發展有限責任公司) since August 2016.
 - Construction area of the real estate leased represents the total construction area of the project.
 - The rental income of real estate leased is the operating income of the projects.
 - Construction area and operating revenue of North Star Times Tower have included the construction area and operating revenue of the Xincheli Shopping Center commercial project.
 - The above-mentioned properties items 2, 3, 7, 8, 10 and 13 are erected on land leased from BNSIGC.

Management Discussion and Analysis (Continued)

3. Financing

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

Table 3: Financing of the Company during the Reporting Period

Unit: 0'000 Currency: RMB

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

IV. INDUSTRY LANDSCAPE AND TREND

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

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

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



Management Discussion and Analysis (Continued)

V. DEVELOPMENT STRATEGY OF THE COMPANY

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

1. Real Estate Development

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

In terms of development strategy, the Company will strengthen the awareness of risk prevention, scientifically study and judge land information, increase complementary cooperation, focus on key city clusters with more resilient demand in Beijing-Tianjin-Hebei, Yangtze River Delta, Greater Bay Area, Chengdu-Chongqing region and Central China, seize urban structural opportunities, and strive to achieve precise layout. In terms of development model innovation, the Company will further give priority to product quality, combine product standardization with brand IP development, meet customer needs with more diversified and clear product lines, and continuously improve the market competitiveness of products. In terms of project operation, the Company will make every effort to promote the construction of the “Big Operation” system, continuously align with benchmark enterprises in terms of decision-making mechanism, incentive mechanism and operational efficiency. The Company will also strengthen the whole process control such as sales management, cost control and budget management, and further improve project revenue.

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



Changsha North Star Delta (Demonstration Diagram of A2)

Management Discussion and Analysis (Continued)

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

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

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

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

3. Financing and Capital Expenditure

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

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



Management Discussion and Analysis (Continued)

VI. POTENTIAL RISKS FACED

1. Risks in relation to the Novel Coronavirus Pneumonia Pandemic

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

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

2. Policy Risk

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

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

3. Market Risk

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

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



Management Discussion and Analysis (Continued)

4. Short-term Risks of Talent Reserve

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

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

DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE

Financial Resources and Liquidity

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

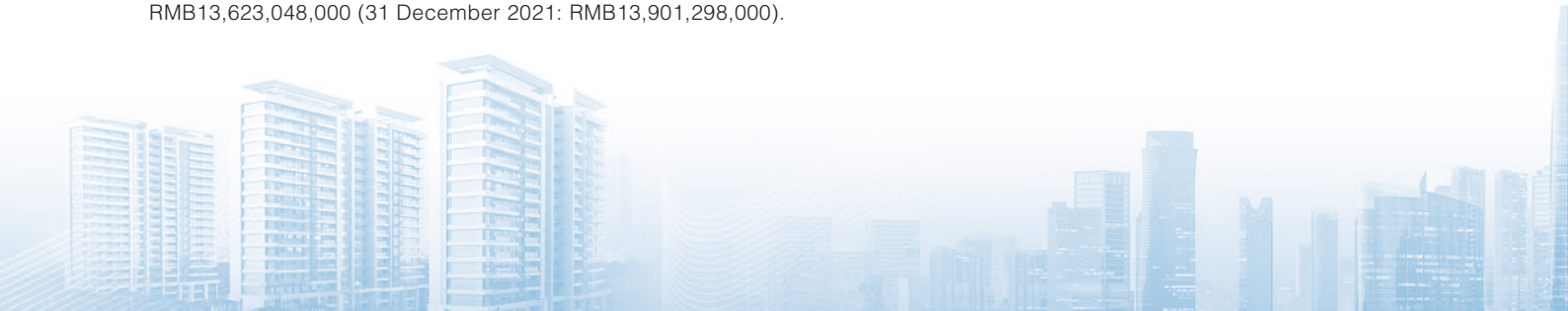
The Group's bank and other borrowings (excluding bonds) as at 30 June 2022 amounted to RMB20,543,386,000. At the end of the Period, net values of the Group's 5-year corporate bonds, 5-year medium term notes and 2-year medium term notes were RMB3,444,679,000, RMB3,616,004,000 and RMB259,765,000, respectively;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

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

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

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

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



Management Discussion and Analysis (Continued)

SHARE CAPITAL AND SHAREHOLDERS

Share Capital

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

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

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

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

Interests and Short Positions in Shares of the Company

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

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

INTERESTS OF DIRECTORS AND SUPERVISORS OF THE COMPANY

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

CORPORATE GOVERNANCE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

Management Discussion and Analysis (Continued)

AUDIT COMMITTEE

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

DESIGNATED DEPOSITS AND DUE FIXED DEPOSITS

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

EMPLOYEES

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



Management Discussion and Analysis (Continued)

STAFF QUARTERS

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

PUBLICATION OF INTERIM REPORT

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

DOCUMENT FOR INSPECTION

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

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

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

Beijing, the PRC
25 August 2022



Corporate Information

Legal name of the Company:	北京北辰實業股份有限公司
English name of the Company:	Beijing North Star Company Limited
Registered address of the Company:	No. 8 Bei Chen Dong Road Chao Yang District, Beijing the PRC
Place of business of the Company:	12th Floor, Tower A, Hui Xin Building No. 8 Bei Chen Dong Road Chao Yang District, Beijing the PRC
Legal representative of the Company:	LI Wei-Dong
Company secretaries:	GUO Chuan LEE Ka Sze, Carmelo
Person-in-charge on information disclosure:	GUO Chuan
Enquiry unit for Company information disclosure:	Work department of the Board

COMPANY INFORMATION ENQUIRY

Address:	12th Floor, Tower A, Hui Xin Building No. 8 Bei Chen Dong Road Chao Yang District, Beijing, the PRC
Postal code:	100101
Telephone:	(8610) 6499 1277
Fax:	(8610) 6499 1352
Website:	www.beijingns.com.cn

REGISTRATION

Date and place of first registration:	2 April 1997, Beijing, the PRC
Unified social credit code:	91110000633791930G



Corporate Information (Continued)

AUDITORS

<i>PRC auditor:</i>	PricewaterhouseCoopers Zhong Tian LLP
Address:	11th Floor PricewaterhouseCoopers Center Link Square 2 202 Hu Bin Road, Huangpu District Shanghai, the PRC
Postal code:	200021
Telephone:	(8621) 2323 8888
Fax:	(8621) 2323 8800
<i>International auditor:</i>	PricewaterhouseCoopers Certified Public Accountants Registered Public Interest Entity Auditor
Address:	22/F, Prince's Building Central, Hong Kong
Telephone:	(852) 2289 8888
Fax:	(852) 2810 9888

LEGAL ADVISERS

<i>PRC lawyer:</i>	Beijing Da Cheng Solicitors Office
Address:	7th Floor, Building D Parkview Green FangCaoDi No. 9 Dongdaqiao Road Chaoyang District, Beijing the PRC
Postal code:	100020
Telephone:	(8610) 5813 7799
Fax:	(8610) 5813 7788
<i>Hong Kong lawyer:</i>	Woo Kwan Lee & Lo
Address:	26/F, Jardine House, 1 Connaught Place Central, Hong Kong
Telephone:	(852) 2847 7999
Fax:	(852) 2845 9225

Corporate Information (Continued)

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
Shops 1712–1716, 17/F
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

H share:	0588
A share:	601588

