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北京北辰實業股份有限公司
BEIJING NORTH STAR COMPANY LIMITED

(A sino-foreign joint venture joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 588)

2022 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the “**Board**”) of Beijing North Star Company Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Period**”) as set out below:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
	Note	2022	2021
		RMB'000	RMB'000
			(Restated)
Revenue	2	12,988,940	22,182,854
Cost of sales	3	(11,282,794)	(18,544,672)
Gross profit		1,706,146	3,638,182
Selling and marketing expenses	3	(486,486)	(619,374)
Administrative expenses	3	(884,697)	(983,555)
Net provision for impairment losses on financial assets		(158,917)	(33,281)
Other income and losses – net		(135,499)	(90,168)
Operating profit		40,547	1,911,804
Finance income	4	127,661	138,095
Finance expenses	4	(912,288)	(698,619)
Finance expenses – net	4	(784,627)	(560,524)
Share of net (loss)/profit of investments accounted for using the equity method		(59,033)	239,308
(Loss)/profit before income tax		(803,113)	1,590,588
Income tax expense	5	(722,064)	(1,350,530)
(Loss)/profit for the year		(1,525,177)	240,058

CONSOLIDATED INCOME STATEMENT (CONTINUED)

	<i>Note</i>	Year ended 31 December	
		2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
(Loss)/profit for the year		<u>(1,525,177)</u>	<u>240,058</u>
Attributable to:			
Ordinary shareholders of the Company	6	(1,471,352)	207,374
Holders of perpetual bond		25,359	137,783
Non-controlling interests		<u>(79,184)</u>	<u>(105,099)</u>
		<u>(1,525,177)</u>	<u>240,058</u>
(Losses)/earnings per share attributable to ordinary shareholders of the Company (expressed in RMB cents per share) (basic and diluted)	6	<u>(43.70)</u>	<u>6.16</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2022	2021
Note	RMB'000	RMB'000 (Restated)
(Loss)/profit for the year	(1,525,177)	240,058
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurement of post-employment benefit obligations	<u>5,838</u>	<u>7,920</u>
Other comprehensive income for the year, net of tax	<u>5,838</u>	<u>7,920</u>
Total comprehensive (loss)/income for the year	<u>(1,519,339)</u>	<u>247,978</u>
Attributable to:		
Ordinary shareholders of the Company	(1,465,514)	215,294
Holders of perpetual bond	25,359	137,783
Non-controlling interests	<u>(79,184)</u>	<u>(105,099)</u>
	<u>(1,519,339)</u>	<u>247,978</u>

CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Note	2022	2021
		RMB'000	RMB'000
			(Restated)
ASSETS			
Non-current assets			
Right-of-use assets		433,030	455,018
Investment properties		16,826,279	16,709,399
Property, plant and equipment		2,543,658	2,674,399
Investments accounted for using the equity method		357,765	635,736
Deferred income tax assets		1,309,347	1,246,148
Other receivables and prepayments	8	191,717	1,409,524
		<u>21,661,796</u>	<u>23,130,224</u>
Current assets			
Properties under development		22,977,693	30,057,808
Completed properties held-for-sale		16,582,388	15,625,663
Other inventories		43,066	42,485
Trade and other receivables and prepayments	8	5,204,597	4,900,887
Restricted bank deposits		1,255,045	1,761,332
Cash and cash equivalents		8,388,151	12,960,953
		<u>54,450,940</u>	<u>65,349,128</u>
Total assets		<u><u>76,112,736</u></u>	<u><u>88,479,352</u></u>

CONSOLIDATED BALANCE SHEET (CONTINUED)

		As at 31 December	
	<i>Note</i>	2022	2021
		RMB'000	RMB'000
			(Restated)
LIABILITIES			
Non-current liabilities			
Long term borrowings		17,468,165	19,874,582
Loans from other parties	9	2,369,408	2,148,385
Employee termination benefit obligations		96,332	107,507
Deferred income tax liabilities		2,208,129	2,165,575
Lease liabilities		10,503	14,543
Deferred income		19,287	27,748
		22,171,824	24,338,340
Current liabilities			
Trade and other payables	9	9,535,581	11,095,778
Loans/advances from other parties	9	2,248,718	3,240,608
Contract liabilities	2	10,609,330	12,123,853
Current income tax liabilities		1,773,757	2,147,373
Lease liabilities		26,751	32,280
Current portion of long term borrowings		7,162,682	9,632,587
		31,356,819	38,272,479
Total liabilities		53,528,643	62,610,819
Net assets		22,584,093	25,868,533
EQUITY			
Share capital		3,367,020	3,367,020
Other reserves		4,915,444	4,982,879
Retained earnings		11,130,486	12,637,542
Capital and reserves attributable to ordinary shareholders of the Company		19,412,950	20,987,441
Perpetual bond		–	1,018,241
Non-controlling interests		3,171,143	3,862,851
Total equity		22,584,093	25,868,533

Notes:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

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

(a) Amended standards and amended improvements adopted by the Group

The Group has applied the following amendments or annual improvements for the first time for their annual reporting period commencing 1 January 2022:

- Annual Improvements to HKFRSs 2018-2020 (amendments)
- Narrow-scope amendments – HKFRS 3, 16, 37 (amendments)
- Rent Concessions HKFRS 16 (amendments)
- Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations

The amendments and amended improvements listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2. SEGMENT INFORMATION

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

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

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

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

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

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

2. SEGMENT INFORMATION (CONTINUED)

The Group's revenue consists of revenue from real estate development and revenue from the operation of convention and exhibition (including hotels) and commercial properties. Revenues recognised during the years ended 31 December 2022 and 2021 are as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
		(Restated)
Revenue		
Real estate development segment	10,964,541	20,128,085
Convention and exhibition (including hotels) and commercial properties segment	1,881,782	1,909,995
	12,846,323	22,038,080
Other segments	142,617	144,774
	12,988,940	22,182,854

During the years ended 31 December 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 RMB'000	Over time RMB'000
Year ended 31 December 2022		
Real estate development segment	10,964,541	–
Convention and exhibition (including hotels) and commercial properties segment*	189,038	538,193
Other segments	18,950	123,667
	11,172,529	661,860
	At a point in time RMB'000	Over time RMB'000
Year ended 31 December 2021 (Restated)		
Real estate development segment	20,128,085	–
Convention and exhibition (including hotels) and commercial properties segment*	63,628	553,371
Other segments	26,244	118,530
	20,217,957	671,901

* Rental income for the year ended of 31 December 2022 of RMB1,154,551,000 (2021: RMB1,292,996,000) is recognised on a straight-line basis over the term of the lease and has not been included in the above analysis.

2. SEGMENT INFORMATION (CONTINUED)

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

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

The segment information provided to the Board for the reportable segments for the year ended 31 December 2022 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
Total segment revenue	10,964,541	1,943,237	177,979	13,085,757
Inter-segment revenue	–	(61,455)	(35,362)	(96,817)
Revenue from external customers	10,964,541	1,881,782	142,617	12,988,940
Adjusted loss before income tax	(608,149)	(95,479)	(90,180)	(793,808)
<i>Adjusted profit/(loss) before income tax is stated after (charging)/crediting the following:</i>				
Adjusted cost of sales or services rendered	(8,977,560)	(1,189,225)	(152,979)	(10,319,764)
Adjusted depreciation and amortisation	(39,598)	(433,731)	(10,005)	(483,334)
Finance income	39,360	1,236	43	40,639
Finance expenses	(556,998)	–	–	(556,998)
Share of net (loss)/profit from investments accounted for using the equity method	(60,056)	1,023	–	(59,033)
Adjusted income tax (expenses)/credit	(886,790)	23,870	22,545	(840,375)

2. SEGMENT INFORMATION (CONTINUED)

The restated segment information provided to the Board for the reportable segments for the year ended 31 December 2021 is as follows:

Business segment, as restated	Real estate development <i>RMB'000</i>	Convention and exhibition (including hotels) and commercial properties <i>RMB'000</i>	Other segments <i>RMB'000</i>	Total <i>RMB'000</i>
Total segment revenue	20,128,085	1,932,999	200,529	22,261,613
Inter-segment revenue	—	(23,004)	(55,755)	(78,759)
Revenue from external customers	20,128,085	1,909,995	144,774	22,182,854
Adjusted profit/(loss) before income tax	1,235,095	(140,945)	(83,937)	1,010,213
<i>Adjusted profit/(loss) before income tax is stated after (charging)/crediting the following:</i>				
Adjusted cost of sales or services rendered	(16,465,368)	(1,025,298)	(136,428)	(17,627,094)
Adjusted depreciation and amortisation	(102,692)	(224,497)	(8,277)	(335,466)
Finance income	34,667	1,982	57	36,706
Finance expenses	(354,212)	—	—	(354,212)
Share of net profit from investments accounted for using the equity method	238,509	799	—	239,308
Adjusted income tax (expenses)/credit	(1,450,065)	36,929	1,214	(1,411,922)

2. SEGMENT INFORMATION (CONTINUED)

The segment information as at 31 December 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>
As at 31 December 2022				
Total segment assets	49,234,371	10,655,558	108,356	59,998,285
Total segment assets include:				
Investments accounted for using the equity method	353,493	4,272	–	357,765
Additions to non-current assets (other than deferred income tax assets)	276,093	181,323	4,200	461,616
Total segment liabilities	37,500,019	1,345,710	302,655	39,148,384
Contract liabilities	10,462,777	140,066	6,487	10,609,330
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 31 December 2021 (Restated)				
Total segment assets	58,812,728	10,994,088	104,551	69,911,367
Total segment assets include:				
Investments accounted for using the equity method	632,487	3,249	–	635,736
Additions to non-current assets (other than deferred income tax assets)	48,194	2,034,955	41,236	2,124,385
Total segment liabilities	47,706,581	1,728,626	175,484	49,610,691
Contract liabilities	11,827,421	286,781	9,651	12,123,853
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

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

As at 31 December 2022, the contract liabilities mainly included the payments received from pre-sales of properties which were usually received in advance of the performance under the contracts. The decrease in contract liabilities during the year was in line with the decrease in the Group's contracted sales.

2. SEGMENT INFORMATION (CONTINUED)

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
		(Restated)
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Real estate development	5,301,154	15,749,391
Convention and exhibition (including hotels) and commercial properties	282,971	163,649
Other segments	9,651	1,373
	5,593,776	15,914,413

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
		(Restated)
Adjusted (loss)/profit before income tax for reportable segments	(793,808)	1,010,213
Corporate overheads	(229,529)	(195,878)
Corporate finance expense	(346,852)	(334,742)
Corporate finance income	87,022	101,389
Provision for impairment losses on financial assets	(155,330)	(21,249)
Other income	299	16,345
Other losses – net	(108)	(1,459)
Fair value losses on investment properties	(244,246)	(134,226)
Reversal of depreciation and impairment of investment properties	414,466	310,461
Land appreciation tax	464,973	839,734
(Loss)/profit before income tax	(803,113)	1,590,588

2. SEGMENT INFORMATION (CONTINUED)

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
		(Restated)
Total segment assets	59,998,285	69,911,367
Deferred income tax assets at corporate level	1,043,076	960,125
Corporate cash	5,372,061	7,497,052
Accumulated fair value gains on investment properties	5,547,900	5,792,146
Reversal of accumulated depreciation and impairment of investment properties	3,284,620	2,870,154
Corporate loan advanced to joint ventures and an associate	854,832	1,436,573
Other corporate current assets	11,962	11,935
Total assets per consolidated balance sheet	76,112,736	88,479,352
Total segment liabilities	39,148,384	49,610,691
Deferred income tax liabilities at corporate level	2,208,129	2,165,575
Corporate borrowings	10,178,111	7,947,941
Other corporate liabilities	1,994,019	2,886,612
Total liabilities per consolidated balance sheet	53,528,643	62,610,819

The reconciliation between the Group's depreciation and amortisation for reportable segments and corresponding amount per disclosure for property, plant and equipment and right-of-use assets are mainly reversal of depreciation of investment properties and other related adjustments amounting to RMB271,471,000 (2021: RMB167,921,000).

The reconciliation between reportable segment income tax expenses and total income tax expenses is amounting to RMB118,311,000 (2021: RMB61,392,000), representing the impact of the aforementioned reconciliation items including corporate overheads, corporate financial expense, corporate financial income, fair value gains/(losses) on investment properties and reversal of depreciation of investment properties.

The Company and its subsidiaries were incorporated in the PRC and all the revenue from external customers of the Group for the years ended 31 December 2022 and 2021 are derived in the PRC.

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

The Group has a large number of customers, and there was no significant revenue derived from any specific external customers for the years ended 31 December 2022 and 2021.

3. EXPENSES BY NATURE

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

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)
Depreciation of property, plant and equipment and right-of-use assets	211,863	167,546
Provision of impairment for properties under development and completed properties held for sale	905,159	669,089
Provision of impairment for a hotel property	–	78,961
Employee benefit expense	1,117,626	1,109,042
Advertising costs	59,685	77,341
Cost of properties sold	8,977,560	16,465,368
Cost of goods sold and consumables used	183,759	211,224
Taxes and levies (other than income tax expenses)	334,534	343,195
Office and consumable expenses	69,884	137,697
Management fee	129,828	123,776
Energy and utilities expenses	99,457	87,825
Consulting and service expenses	353,397	405,245
Repair and maintenance expenses	57,080	83,624
Short-term leases	11,617	9,964
Auditor's remuneration	7,240	7,240
Exhibition construction fee	67,421	94,687
Others	67,867	75,777
	12,653,977	20,147,601

4. FINANCE INCOME AND EXPENSES

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)
Interest expenses:		
– bank and other borrowings	(1,368,556)	(1,614,811)
– bonds and medium term notes	(289,595)	(258,256)
	<u>(1,658,151)</u>	<u>(1,873,067)</u>
Less: amounts capitalised in properties under development and hotel properties at a capitalisation rate of 4.94% (2021: 5.72%) per annum	<u>754,301</u>	<u>1,184,114</u>
Bank charges and others	(903,850)	(688,953)
	<u>(8,438)</u>	<u>(9,666)</u>
Finance expenses	(912,288)	(698,619)
Finance income – interest income	<u>127,661</u>	<u>138,095</u>
Finance expenses – net	<u><u>(784,627)</u></u>	<u><u>(560,524)</u></u>

5. INCOME TAX EXPENSES

The PRC income tax is computed according to the relevant laws and regulations in the PRC. The applicable income tax rate is 25% (2021: 25%).

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
		(Restated)
Current income tax		
– PRC enterprise income tax	277,736	448,980
– PRC land appreciation tax	464,973	839,734
Deferred income tax	(20,645)	61,816
	<u>722,064</u>	<u>1,350,530</u>

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
		(Restated)
(Loss)/profit before income tax expense	(803,113)	1,590,588
Less: share of net loss/(profit) of investments accounted for using the equity method	59,033	(216,831)
	<u>(744,080)</u>	<u>1,373,757</u>
Tax calculated at the statutory tax rate of 25% (2021: 25%)	(186,020)	343,439
Expenses not deductible for tax purposes	5,369	11,766
Tax losses not recognised	292,039	177,401
Temporary differences not recognised	241,829	173,115
Effect of the land appreciation tax in the PRC	348,730	629,801
Utilisation of previously unrecognised tax losses	(6,429)	(19,183)
Others (Note)	26,546	34,191
	<u>722,064</u>	<u>1,350,530</u>

Note:

Following the strict control in the real estate industry in 2022 and 2021, the Group reviewed previously recognised tax losses and temporary differences and determined that it was now probable that insufficient taxable profits will be available to utilise certain recognised tax losses prior to their expiring date. As a consequence, deferred income tax assets of RMB26,546,000 (2021: RMB34,191,000) were derecognised in 2022.

6. (LOSSES)/EARNINGS PER SHARE

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

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 years ended 31 December 2022 and 2021.

	Year ended 31 December	
	2022	2021 (Restated)
(Loss)/Profit attributable to ordinary shareholders of the Company (<i>RMB '000</i>)	<u>(1,471,352)</u>	<u>207,374</u>
Number of ordinary shares in issue (<i>thousands</i>)	<u>3,367,020</u>	<u>3,367,020</u>
(Losses)/earnings per share (basic and diluted) (<i>RMB cents per share</i>)	<u>(43.70)</u>	<u>6.16</u>

7. DIVIDENDS

The dividends paid in 2022 are RMB33,670,000 (2021: RMB101,011,000). Proposed dividends of 2022 and 2021 were as follows:

	Year ended 31 December	
	2022	2021
	<i>RMB '000</i>	<i>RMB '000</i>
2022 proposed final dividend of RMB nil (2021: RMB0.01) per share	<u>–</u>	<u>33,670</u>
	<u>–</u>	<u>33,670</u>

The Board resolved that no dividend will be declared in respect of 2022.

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December					
	2022		Total RMB'000	2021		Total RMB'000 (Restated)
	Current RMB'000	Non-current RMB'000		Current RMB'000 (Restated)	Non-current RMB'000 (Restated)	
Trade and other receivables (a)	2,781,317	165,474	2,946,791	2,441,640	1,361,232	3,802,872
Prepayments	2,423,280	26,243	2,449,523	2,459,247	48,292	2,507,539
	<u>5,204,597</u>	<u>191,717</u>	<u>5,396,314</u>	<u>4,900,887</u>	<u>1,409,524</u>	<u>6,310,411</u>

(a) Trade and other receivables

	As at 31 December					
	2022		Total RMB'000	2021		Total RMB'000 (Restated)
	Current RMB'000	Non-current RMB'000		Current RMB'000 (Restated)	Non-current RMB'000 (Restated)	
Trade receivables(i)	273,247	–	273,247	101,557	–	101,557
Less: provision for impairment of trade receivables	(49,540)	–	(49,540)	(47,217)	–	(47,217)
Trade receivables – net	<u>223,707</u>	<u>–</u>	<u>223,707</u>	<u>54,340</u>	<u>–</u>	<u>54,340</u>
Receivables due from other related parties	821,771	220,500	1,042,271	286,271	1,289,565	1,575,836
Receivables due from non-controlling interests	1,503,447	–	1,503,447	1,785,616	–	1,785,616
Other receivables	<u>311,202</u>	<u>65,044</u>	<u>376,246</u>	<u>335,719</u>	<u>93,647</u>	<u>429,366</u>
	<u>2,636,420</u>	<u>285,544</u>	<u>2,921,964</u>	<u>2,407,606</u>	<u>1,383,212</u>	<u>3,790,818</u>
Less: provision for impairment of other receivables	(78,810)	(120,070)	(198,880)	(20,306)	(21,980)	(42,286)
Other receivables – net	<u>2,557,610</u>	<u>165,474</u>	<u>2,723,084</u>	<u>2,387,300</u>	<u>1,361,232</u>	<u>3,748,532</u>
	<u>2,781,317</u>	<u>165,474</u>	<u>2,946,791</u>	<u>2,441,640</u>	<u>1,361,232</u>	<u>3,802,872</u>

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

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

(a) Trade and other receivables (Continued)

(i) Trade receivables

The majority of the Group's sales are on cash or advance basis. The remaining amounts are with credit terms of 30 to 90 days. At 31 December 2022 and 2021, the ageing analysis of the trade receivables were as follows:

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
0 – 30 days	172,467	47,770
31 – 90 days	37,333	1,113
Over 90 days	63,447	52,674
	<u>273,247</u>	<u>101,557</u>

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

At 31 December 2022 and 2021, the Group's trade and other payables and loans/advances from other parties mainly include trade payables, dividends payable to related parties, amounts due to related parties, non-controlling interests and third parties, commercial mortgage backed securities, other tax payable and other payables.

At 31 December 2022 and 2021, the ageing analysis of the trade payables based on date of services/goods received. The ageing analysis of the Group's trade payables is as follows:

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
0 – 180 days	2,254,470	3,170,402
181 – 365 days	1,251,837	1,923,441
Over 365 days	3,170,441	2,601,694
	<u>6,676,748</u>	<u>7,695,537</u>

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the year ended 31 December 2022 in accordance with the China Accounting Standards for Business Enterprises, the Application Guidance for Accounting Standard for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance of the PRC on 15 February 2006, and thereafter (“CAS”). The differences between the financial statements prepared under CAS and HKFRS are summarised as follows:

	(Loss)/profit attributable to owners of the Company and holders of perpetual bond for the year ended 31 December		Capital and reserves attributable to the owners of the Company and holders of perpetual bond as at 31 December	
	2022	2021	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As stated in accordance with CAS	(1,575,516)	212,984	12,786,706	15,508,961
Impact of HKFRS adjustments				
1. Reversal of depreciation and impairment of investment properties	268,161	232,846	2,420,776	2,152,615
2. Fair value adjustment of investment properties under HKFRS	(138,638)	(100,673)	4,205,468	4,344,106
As stated in accordance with HKFRS	<u>(1,445,993)</u>	<u>345,157</u>	<u>19,412,950</u>	<u>22,005,682</u>

PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS

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

RESULTS AND DIVIDEND

The Group's revenue amounted to RMB12,988,940,000, representing a year-on-year decrease of 41.45%. The Group's loss attributable to ordinary shareholders for the year ended 31 December 2022 was RMB1,471,352,000.

The Board resolved that no final dividend will be declared in respect of the year ended 31 December 2022.

CLOSURE OF REGISTER OF SHAREHOLDERS

The register of shareholders of the Company will be closed from Friday, 5 May 2023 to Thursday, 11 May 2023 (both days inclusive), during which no transfer of the Company's shares will be registered. For the purpose of ascertaining the shareholders' entitlement to attend and vote at the 2022 annual general meeting, all completed transfer documents relating to H shares, accompanied by the relevant share certificates, must be lodged with the H share registrar of the Company, Hong Kong Registrars Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 4 May 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

I. DEVELOPMENT OF OUR INDUSTRY

In 2022, in the face of complex environment both domestically and internationally, China ramped up efforts in macroeconomic control to respond to the impact arising from various unexpected factors. The overall economic strength continued to grow with steady improvement in development quality. The deepening of reform and opening-up in an all-round manner contributed to the stable employment rate and price level. The overall economic and social development remained stable, with the annual growth rate of GDP reaching 3.0%.

1. Real Estate Development

In 2022, China's real estate market entered a phase of in-depth adjustments. On the basis of adhering to the general tenor of "housing for living instead of speculation", the government released positive signals repeatedly and optimized the regulatory policies. In order to stimulate the demand for properties, various local governments successively introduced a number of policies such as lowering down payment ratios and mortgage rates, increasing efforts in recruiting talents, granting housing subsidies and raising the credit limit of provident fund loans, in a bid to accelerate the unleashing of both rigid housing demand and demand for improved homes. Various central departments and local governments provided financial support to real estate enterprises through multiple channels to stabilize the supply of properties, optimizing the supervision of pre-sale funds and expediting the implementation of the policy of "procuring the delivery of properties and stabilizing people's livelihood". The entire policy environment of the industry has entered into a cycle of relaxation.

Overall, despite favorable policies being introduced frequently for both sides of the supply and demand, residents' willingness to buy houses has continued to weaken with more home foreclosures due to the increasing downward pressure on the economy. Given that the sluggish market trading remained unchanged and property prices showed a downward trend, the overall recovery trend of the real estate market was not as expected. According to the statistics provided by the National Bureau of Statistics (the same applied hereinafter), commodity housing sales area in the real estate market of the PRC in 2022 was 1,146.30 million square meters, representing a year-on-year decrease of 26.77%, and the average sales price of commodity housing was RMB10,185 per square meter, representing a year-on-year decrease of 2.03%.

Among the first-tier cities, the transaction volume of commodity housing market in Beijing declined significantly, with a structural increase in the average transaction price and an increase in inventory scale. The transaction area of commodity housing market in Shanghai, Shenzhen and Guangzhou dropped significantly. The transaction volume of commodity housing market in the second-, third – and fourth-tier cities decreased significantly. The average transaction price, in general, remained flat in the first half of the year and continued to decline in the second half of the year as a result of discount promotions launched by real estate enterprises and other factors.

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

In 2022, various domestic convention and exhibition companies actively carried out business innovation and expanded their business by combining online and offline exhibitions, online promotion sessions and online conferences, which demonstrated a growing trend of digital transformation of the convention and exhibition industry. However, due to the policy of prohibiting large gatherings promulgated in various regions under the impact of the economic environment, convention and exhibition projects nationwide were substantially scaled down, as a result of which the decline in revenue remained serious. The performance of hotel industry was under pressure and recorded a decrease in the occupancy rate. The net absorption in the office market declined significantly with rising vacancy rates and falling rental levels in general. The average rental in the apartment market declined slightly.

II. OPERATING DISCUSSION AND ANALYSIS

In 2022, the Company coordinated the pandemic prevention and control with business development by focusing on its main business, integrating resources, strengthening control and preventing risks, thus continuously driving the synergic development of real estate, convention and exhibition (including hotels) and commercial properties sectors.

1. Real Estate Development

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

Tightening collection of sales proceeds and cutting excess inventory. In active response to the challenges of the industry, the Company established targeted marketing strategies, strengthened digital promotion means, including the launch of “North Star Cheng Xiangjia Mini Programme”, broadened multi-channel publicity efforts, and innovated holiday marketing campaigns to accelerate the reduction of excess inventory for proceeds. During the Reporting Period, the Company achieved contracted sales amount of RMB12,424,000,000 (including parking places) and contracted sales area of 616,300 square meters. In particular, all three key operating indicators, namely, sales amount, sales proceeds and operating income, of Changsha Urban Center exceeded RMB2 billion. All the units of Hangzhou Urban Centre – Lingchao Mansion project were sold out upon launch, with a delivery rate of over 90%. Haikou Urban Centre – North Star Changxiu Shijia, an affordable housing project, became the benchmark of the regional affordable housing project with contracted sales amount of RMB1.13 billion. Beijing Urban Centre – Lanjing project seized the window period of the market and sold all the residential units two months ahead of schedule with contracted amount of RMB2.58 billion.

Strengthening process control and intensifying risk prevention. With stepped-up efforts, the Company performed regular sorting and analysis on the capital lines, including sales, settlement, fund supervision and debt maturity, and business lines, including development, marketing, operation and construction of its key projects, implemented strict control over the entire process and improved the risk assessment mechanism. The Company also intensified the compliance review of cooperation projects to prevent project risk spillovers. Besides, it strengthened the strategic centralized procurement to reduce procurement costs and cut down fixed expenditures in an effective manner.

Promoting refined management and improving operation level. The Company summarized project development experience, comprehensively promoted the development of big operation management system from the aspects of target management, resource control, profit planning and indicator evaluation, set reasonable project targets and positioning, reinforced the planning and management of land resources and sales resource, enabled full-cycle and all-profession profit control and improved business indicator measurement standards to safeguard project quality and improve operation level.

Accelerating project construction and ensuring smooth delivery. While focusing on risk prevention and strengthening cash collection, the Company attached great importance to corporate responsibility. It highlighted residential quality assurance, accelerated the progress of project construction, formulated special construction schedule, and had designated person(s) to perform site supervision and pre-delivery inspection in a strict manner to ensure high-quality delivery as contracted. During the year, approximately 4,000 residential units were delivered in 9 batches.

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

The Company seized the opportunity to integrate resources and accelerate digital empowerment to minimize the impact of the economic environment on the business of the Company.

(1) Convention and Exhibition (Including Hotels)

Providing outstanding services for the Beijing 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 principal officials of the Olympic Committee. The National Convention Center Hotel and the Asian Games Village Hotel, as contracted hotels were responsible for receiving the media and technical officials of the Winter Olympics. The Company gave full play to its experience in providing professional services over the years, made efforts in both venue reconstruction and service improvement, and completed relevant services for the Winter Olympic Games and Winter Paralympic Games in Beijing successfully with zero complaints from media services, zero accidents from venue operations and zero infection cases from team staff, once again demonstrating our demeanor of “Beijing Service” to the world with North Star standard and further enhancing the Company’s brand influence.

Actively expanding upstream business of convention and exhibition. As a professional operator of the China International Fair for Trade in Services (“CIFTIS”), Capital Convention (Group), a subsidiary of the Company, has been actively promoting the market-oriented and professional operation of CIFTIS. In 2022, CIFTIS was presented in the form of “One Fair, Two Halls, Three Venues”. In particular, for the first time, both phase I and phase II of the National Convention Center were opened to the public, increasing the exhibition area to 152,000 square meters. 2,441 companies attended the CIFTIS offline, aggregately attracting 275,000 visitors during the exhibition period, representing a further improvement in the scale, quality and marketability of the exhibition. In addition, the Company accelerated the expansion of the upstream business of convention and exhibitions, and the upstream industrial chain of convention and exhibition has been further improved. During the Reporting Period, Capital Convention (Group) entered into a cooperation agreement with Beijing Gas Group and becomes the exclusive organizer of the 29th World Gas Conference (WGC2025). Besides, the Company actively participated in the bidding for hosting Sibos2024, introduced the China Beijing International Audiovisual Conference and the Beijing International Medical Beauty Industry Development and Products Expo; successfully hosted the 1st International Exhibition Economic Development Forum and the 4th Western China Supply Chain and Logistics Technology and Equipment Expo; and undertook the 33rd China Refrigeration Expo.

Steadily pushing forward entrusted management business. During the Reporting Period, the Company entered into agreements in relation to the entrusted management of 6 venues and hotels and 6 consultancy projects in Guilin, Beijing, Dezhou, Nanjing and Zhuhai, etc. To date, the Company has expanded its exhibition venue and hotel management business into 29 cities across China, covering Beijing-Tianjin-Hebei, Guangdong-Hong Kong-Macao, Chengdu-Chongqing and other important strategic development areas in China, and owns 58 venue and hotel consultancy projects and 41 entrusted venues and hotel management projects, with a total area of 3.88 million square meters under management, enabling the Company to continuous expand market share and maintain its leading position in the industry.

Table 1: Convention and exhibition venues and hotel projects under entrusted management of the Company as of to date

No.	Location	Project Name
1	Beijing City	Beijing Jinhai Lake International Convention & Exhibition Center
2		Shougang Convention & Exhibition Center
3	Zhangjiakou City, Hebei Province	Chongli International Convention & Exhibition Center and ancillary hotels
4		North Star V-Continent Zhangjiakou Crown Hotel
5		North Star V-Continent Zhangjiakou Huai'an Garden-style Hotel
6		North Star V-Continent Zhangjiakou Wanquan Hotel
7	Shijiazhuang City, Hebei Province	Shijiazhuang International Convention & Exhibition Center
8	Xiong'an New District, Hebei Province	Xiong'an Business Service Convention and ancillary hotel
9	Langfang City, Hebei Province	North Star V-Continent Hebei Yongqing Yinfeng Hotel
10	Chifeng City, Inner Mongolia Autonomous Region	North Star V-Continent Chifeng Hotel
11	Tonghua City, Jilin Province	North Star V-Continent Tonghua Wanfeng Crown Hotel
12	Datong City, Shanxi Province	North Star V-Continent Datong Executive Apartment
13	Yinchuan City, Ningxia Hui Autonomous Region	Ningxia International Hall
14	Qingdao City, Shandong Province	Qingdao International Convention Center
15		Qingdao Shanghe International Convention Center
16	Dezhou City, Shandong Province	Dezhou Tianqu Expo Plaza
17	Weihai City, Shandong Province	Weihai International Economic and Trade Exchange Center and ancillary hotels

No.	Location	Project Name
18	Nyingchi City, Tibet Autonomous Region	V-Continent Nyingchi Hotel
19	Chengdu City, Sichuan Province	Conference Center and ancillary hotel of Chengdu Airport Industrial Service Zone Construction Project
20	Chongqing City	Chongqing BBMG V-Continent Crown Hotel
21		Chongqing BBMG V-Continent Crown Executive Apartment
22	Wuhan City, Hubei Province	North Star V-Continent Wuhan China Communications City Crown Hotel
23	Changsha City, Hunan Province	North Star V-Continent Changsha China Communications International Center Crown Hotel
24	Yichun City, Jiangxi Province	North Star V-Continent Jiangxi Hongwei Crown Hotel
25	Guilin City, Guangxi Zhuang Autonomous Region	Guilin International Convention & Exhibition Center
26	Lianyungang City, Jiangsu Province	Lianyungang Land Bridge Convention Center and ancillary hotels
27	Taizhou City, Jiangsu Province	Taizhou China Medical City Exhibition Center
28	Nantong City, Jiangsu Province	Nantong International Convention & Exhibition Center and ancillary hotels
29	Nanjing City, Jiangsu Province	Nanjing Yangtze International Convention Center and ancillary hotel
30		V-Continent Nanjing Executive Apartment
31		North Star V-Continent Nanjing Wangyudao Garden-style Hotel
32		Nanjing V-Continent Crown Hotel
33	Huzhou City, Zhejiang Province	Deqing International Convention Center
34	Hangzhou City, Zhejiang Province	Hangzhou International Expo Center and ancillary hotels
35		Hangzhou Future Sci-Tech City Academic Exchange Center
36	Fuzhou City, Fujian Province	Fuzhou Digital China Convention & Exhibition Center
37	Guangzhou City, Guangdong Province	Guangzhou Xiangxue V-Continent Crown Hotels
38	Huizhou City, Guangdong Province	North Star V-Continent Huidong Executive Apartment
39	Zhuhai City, Guangdong Province	Zhuhai International Convention & Exhibition Center
40		Zhuhai Jinyie V-Continent Crown Hotel
41		Zhuhai V-Continent Athletes Apartment

Deepening industry analysis on convention and exhibition industry. The Company played the role of a think tank to support the development of the convention and exhibition industry. It undertook the project of the “Research on the Development of Beijing Exhibition Industry in the New Era” of Beijing Municipal Commerce Bureau and publish the “China Exhibition Index Report (2021)” to provide intellectual support for the introduction and implementation of the development planning of Beijing exhibition industry during the “14th Five-Year Plan” period, and promoted the integration of production and education to develop convention and exhibition talents.

Accelerating digital transformation of convention and exhibition. Taking the opportunity of hosting the 2022 CIFTIS, the Company strengthened the research and development and application of digitalization and intelligentization in conventions and exhibitions, and continued to promote the interconnection and in-depth multiple-scenario integration of digital information. The Company has completed the construction of functional modules such as the CIFTIS APP cloud conference, cloud live broadcast and cloud negotiation to build up a digital platform for the CIFTIS, developed an online certificate system, a booth sales system and a public CRM system to improve customer experience, and launched an exhibition knowledge management system which classifies and stores the exhibition and related industry information in a digital way to be effectively applied to employee training and business expansion, and ultimately to be developed as a comprehensive cloud analysis service platform for industry development consulting, competition intelligence analysis and enterprise management consulting.

(2) Commercial Properties

Establishing a commercial management company to gather synergy. In order to improve the comprehensive operating efficiency of commercial properties, 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. On the basis of achieving refined management of self-owned properties, the Company will build a professional commercial property service brand with light asset output capability, thereby creating a new strategic support point for the Company.

Proactively adjusting marketing strategy to stabilize operation. In respect of the office buildings business and apartments business, the Company has proactively expanded its sales channels, constantly exploring potential customer resources and developing precise sales strategies, resulting in a steady occupancy rate.

3. Financing

The Company has systematically formulated capital management and control measures, such as strengthening multi-channel financing, intensifying cash flow management, continuously optimizing debt structure and consolidating the margin of financial safety. During the Reporting Period, the Company has completed the issuance of the 2022 first tranche, second tranche of medium-term notes and 2022 corporate bonds, respectively, with the fund raised amounting to RMB3.307 billion and the coupon rate being maintained at a relatively industry-low level.

III. MAJOR BUSINESS CONDITIONS DURING THE REPORTING PERIOD

In 2022, the Company recorded an operating revenue of RMB12,988,940,000, representing a year-on-year decrease of 41.45%. The Company's loss before tax and loss attributable to ordinary shareholders amounted to RMB803,113,000 and RMB1,471,352,000, respectively. In particular, the after-tax core operating results of the principal activities (excluding losses arising from the changes in fair value) of the Company recorded a loss of RMB1,332,714,000, representing a year-on-year decrease of 532.63%. Losses after tax attributable to ordinary shareholders arising from the changes in fair value of convention (including hotels) and commercial properties amounted to RMB138,638,000 during the year. Losses per share were RMB0.4370.

In particular, for the real estate development segment, due to the impacts of the macroeconomic control and settlement cycle, the areas to be settled decreased. As such, operating revenue reached RMB10,964,541,000 (including parking spaces), representing a year-on-year decrease of 45.53%, while the Company has made provision for the impairment of inventories for certain real estate projects, and loss before tax was RMB608,149,000. Due to the impact of the economic environment, operating revenue from the convention (including hotels) and commercial properties segment reached RMB1,881,782,000, representing a year-on-year decrease of 1.48%, and loss before tax was RMB95,479,000. Impairment assessed during the Reporting Period was RMB244,246,000.

Table 2 : Real Estate Projects during the Reporting Period

Unit: square meter

No.	Project name	Location	Operating state	Project status	Project interests	Actual investment amount during the Reporting Period (RMB/100 million)		Project area	Total floor area	Planned plot ratio-based gross floor area	Equity area held for development	Land area	New construction area during the Reporting Period		Floor area under construction during the Reporting Period	Completed area during the Reporting Period	Accumulated completed area	Saleable area during the Reporting Period	Contracted area during the Reporting Period	Booked area during the Reporting Period	Area to be booked at the end of the Reporting Period	
						Investment (RMB/100 million)	Reporting Period (RMB/100 million)						Reporting Period	Reporting Period								
1	Beijing North Star Xianglu	Haidian, Beijing	Residence	Completed	100%	28.59	-	142,400	312,100	230,000	-	-	-	312,100	-	-	312,100	305	305	1,221	5,305	728
2	Beijing North Star Red Oak Villa	Changping, Beijing	Villa	Under Construction	100%	34.00	1.40	287,500	213,700	150,000	-	-	-	213,700	40,200	-	173,500	28,067	495	1,528	8,132	1,276
3	Beijing Modern North Star Yue MOMA	Shunyi, Beijing	Self-occupied commercial housing, two-limit housing	Under Construction	50%	23.47	-	52,800	132,500	109,300	54,700	-	-	132,500	1,400	-	131,100	9,122	-	85	105	2,014
4	Beijing North Star • Villa 1900	Shunyi, Beijing	Residence	Completed	100%	24.45	-	101,200	213,300	140,000	-	-	-	213,300	-	-	213,300	18,864	5,122	8,485	29,262	1,104
5	Beijing Co. Ltd.	Haidian, Beijing	Villa	Completed	100%	-	-	-	6,100	-	-	-	-	6,100	-	-	6,100	3,588	3,587	3,587	11,789	-
6	Beijing Jinchun Mansion	Changping, Beijing	Residence	Completed	51%	53.17	0.54	86,600	280,100	170,400	86,900	-	-	280,100	-	-	280,100	105,081	19,966	18,151	88,388	3,913
7	Beijing Longfor North Star Lanying	Meitougou, Beijing	Residence	Newly commencement	34%	24.78	1.42	26,000	104,100	66,200	22,500	-	104,100	104,100	104,100	-	-	64,263	49,789	-	-	-
8	Changsha North Star Delta	Changsha, Hunan	Residence, commercial and office building	Under Construction	100%	407.08	13.82	780,000	5,200,000	3,820,000	-	416,700	-	4,783,300	334,300	-	4,449,000	157,835	99,064	12,706	20,057	271,511
9	Changsha North Star Central Park	Changsha, Hunan	Residence	Completed	51%	26.03	1.82	336,300	927,100	720,000	367,200	-	-	927,100	161,900	161,900	927,100	33,428	17,385	118,400	120,378	12,443
10	Changsha North Star Shiguangli	Changsha, Hunan	Residence and commercial	Completed	100%	12.28	1.45	27,700	145,400	107,900	-	-	-	145,400	145,400	145,400	145,400	40,185	13,542	75,349	68,225	3,254
11	Wuhan North Star Modern You +	Wuhan, Hubei	Residence and commercial	Completed	45%	21.00	0.05	104,700	313,300	241,100	108,500	-	-	313,300	-	-	313,300	1,989	1,327	-	-	-
12	Wuhan North Star Guanggu	Wuhan, Hubei	Commercial service	Under Construction	51%	25.81	1.76	84,200	492,000	337,000	171,900	134,800	-	357,200	75,100	-	282,100	11,332	3,220	5,993	8,473	3,584
13	Wuhan Blue City	Wuhan, Hubei	Residence and commercial	Under Construction	100%	102.68	3.04	358,000	980,100	716,000	-	217,700	-	762,400	17,000	-	745,400	53,131	7,846	11,526	11,305	2,331
14	Wuhan Gendale • North Star China Chic	Wuhan, Hubei	Residence	Completed	51%	13.51	0.44	41,800	178,900	127,000	64,900	-	-	178,900	-	-	178,900	1,600	568	1,257	2,544	-
15	Wuhan North Star Peacock City Hangtian Mansion	Wuhan, Hubei	Residence	Completed	60%	9.88	0.08	75,200	220,400	172,800	103,700	-	-	220,400	-	-	220,400	35,906	-16	7,530	4,244	549
16	Wuhan North Star Jingkaiyou+ (Lot 067)	Wuhan, Hubei	Residence and commercial	Completed	80%	12.42	1.98	50,500	180,900	126,200	101,000	-	-	180,900	180,900	180,900	180,900	64,758	31,773	23,536	16,726	36,117
17	Wuhan North Star Jingkaiyou+ (Lot 068)	Wuhan, Hubei	Residence and commercial	Under Construction	80%	16.38	1.05	63,200	227,700	158,100	126,500	-	-	227,700	227,700	-	-	-	-	-	-	-
18	Wuhan North Star Jindiyang Time	Wuhan, Hubei	Residence and commercial	Completed	49%	18.72	0.88	50,500	212,100	151,400	74,200	-	-	212,100	165,600	165,600	212,100	35,702	14,034	-	-	-
19	Hangzhou North Star Shushan Project	Hangzhou, Zhejiang	Residence and commercial	Completed	80%	25.29	0.29	83,900	317,500	235,000	188,000	-	-	317,500	-	-	317,500	7,324	87	474	2,684	88
20	Hangzhou Guoyuefu Big Lot	Hangzhou, Zhejiang	Residence and commercial	Completed	35%	14.85	-	41,900	108,400	75,000	26,300	-	-	108,400	-	-	108,400	-	-	-	-	-
21	Hangzhou Gaocongfu	Hangzhou, Zhejiang	Residence	Completed	100%	17.16	0.97	21,900	69,900	48,200	-	-	-	69,900	-	-	69,900	-	-	-	441	-
22	Hangzhou Jinhui Duhui Yijing	Hangzhou, Zhejiang	Residence and commercial	Completed	25%	5.50	0.03	57,400	209,700	144,000	36,000	-	-	209,700	-	-	209,700	-	-	-	-	-
23	Hangzhou Lingchao Mansion	Hangzhou, Zhejiang	Residence	Completed	100%	12.52	1.40	12,200	44,400	25,700	-	-	-	44,400	44,400	44,400	44,400	22,487	21,687	21,571	74,689	116
24	Hangzhou North Star Chenchun Lancheng	Hangzhou, Zhejiang	Residence	Under Construction	100%	52.18	4.97	69,000	276,900	179,500	-	-	-	276,900	276,900	-	-	38,229	3,914	-	-	3,914

No.	Project name	Location	Operating state	Project status	Project interests	Total investment (RMB/100 million)	Actual investment amount during the Reporting Period (RMB/100 million)	Project area	Total floor area	Planned plot ratio-based gross floor area	Equity area held for development	Land area during Reporting Period	New construction area during Reporting Period	Floor area under construction during Reporting Period	Completed area during Reporting Period	Saleable area during Reporting Period	Contracted area during Reporting Period	Booked revenue during the Reporting Period (RMB/1,000)	Area to be looked at the end of the Reporting Period			
25	Ningbo Bechenfu	Ningbo, Zhejiang	Residence	Completed	100%	45.20	0.67	47,300	189,700	137,400	-	-	-	189,700	-	-	189,700	8,664	791	930	3,720	664
26	Ningbo Mansion • Jinian	Ningbo, Zhejiang	Residence and commercial	Completed	51%	34.33	0.76	133,000	404,800	292,500	149,200	-	-	404,800	-	-	404,800	930	784	854	2,374	785
27	Ningbo Xianglu Bay	Yuyao, Zhejiang	Residence	Under Construction	100%	22.43	3.31	68,700	166,500	116,800	-	-	-	166,500	166,500	-	-	60,507	21,145	-	-	73,201
28	Nanjing North Star CIFI Park Jinling	Nanjing, Jiangsu	Residence	Completed	51%	14.73	0.03	25,300	105,000	70,700	36,100	-	-	105,000	-	-	105,000	-	-	-	250	-
29	Suzhou North Star CIFI Park No.1 Mansion	Suzhou, Jiangsu	Residence and commercial	Completed	50%	17.28	0.04	178,700	273,900	180,500	90,300	-	-	273,900	-	-	273,900	914	912	912	1,304	-
30	Suzhou Guanlan Mansion	Suzhou, Jiangsu	Residence and commercial	Under Construction	100%	65.70	4.36	170,000	392,900	268,800	-	-	-	392,900	165,400	-	224,500	88,877	36,524	36,133	52,424	11,117
31	Wuxi Tianyi Jiuzhu	Wuxi, Jiangsu	Residence	Completed	49%	28.60	0.19	88,000	255,400	196,000	96,000	-	-	255,400	-	-	255,400	-	-	-	-	-
32	Wuxi Times City	Wuxi, Jiangsu	Residence	Under Construction	40%	46.79	0.58	137,900	535,400	413,800	165,500	-	-	535,400	-	-	535,400	-	-136	-	-	-
33	Chengdu North Star Langshi Nannan Lyun	Chengdu, Sichuan	Residence and commercial	Completed	40%	9.83	0.09	63,600	237,000	158,600	63,400	-	-	237,000	-	-	237,000	2,989	952	952	1,760	735
34	Chengdu North Star • Xianglu	Chengdu, Sichuan	Residence and commercial	Completed	100%	16.16	0.44	40,400	148,300	96,900	-	-	-	148,300	-	-	148,300	919	317	725	1,833	398
35	Chengdu North Star • South Lake Xianglu	Chengdu, Sichuan	Residence	Completed	100%	26.25	0.87	88,000	297,100	210,000	-	-	-	297,100	-	-	297,100	11,913	2,243	4,165	6,327	841
36	Chengdu North Star Royal Palace	Chengdu, Sichuan	Residence and commercial	Completed	100%	18.03	0.85	26,600	120,000	79,800	-	-	-	120,000	-	-	120,000	20,994	11,310	16,353	31,092	2,322
37	Chengdu North Star Luming Mansion	Chengdu, Sichuan	Residence and commercial	Completed	80%	22.00	1.69	80,100	227,300	160,300	128,200	-	-	227,300	227,300	227,300	227,300	63,698	16,361	102,856	152,411	9,853
38	Sichuan North Star Guosongfu	Meishan, Sichuan	Residence and commercial	Completed	100%	16.32	1.18	59,900	197,400	149,800	-	-	-	197,400	-	-	197,400	67,063	32,862	31,894	24,015	15,388
39	Sichuan North Star Longxilai	Meishan, Sichuan	Residence and commercial	Under Construction	100%	15.08	2.63	69,900	126,600	84,000	-	-	-	126,600	126,600	-	-	33,064	4,646	-	-	-
40	Langfang North Star Xianglu	Langfang, Hebei	Residence and commercial	Under Construction	100%	31.28	4.50	140,700	357,700	296,800	-	-	-	357,700	223,300	78,200	212,600	83,642	27,173	44,686	49,182	15,747
41	Langfang North Star Blue City (Lot 2018-4)	Langfang, Hebei	Residence	Under Construction	100%	24.56	1.58	82,500	245,600	164,800	-	-	-	245,600	245,600	-	-	-	-	-	-	-
42	Langfang Xingchenli (Lot 2019-3)	Langfang, Hebei	Commercial	In the pipeline	100%	5.45	0.39	21,100	72,800	52,800	-	72,800	-	-	-	-	-	-	-	-	-	-
43	Langfang North Star (Lot 2020-5)	Langfang, Hebei	Residence	In the pipeline	100%	13.43	0.74	46,200	138,300	92,000	-	-	-	-	-	-	-	-	-	-	-	-
44	Hefei North Star CIFI Park Mansion • Luzhou	Hefei, Anhui	Residence and commercial	Completed	50%	21.07	0.15	141,700	356,200	239,000	119,500	-	-	356,200	-	-	356,200	1,211	354	1,631	2,616	889
45	Chongqing Yintai No.1	Yubei, Chongqing	Residence and commercial	Under Construction	100%	115.93	11.38	429,100	1,274,000	918,000	-	-	251,600	1,274,000	691,800	225,600	685,300	183,911	26,848	154,634	193,147	66,459
46	Chongqing North Star Xianglu	Yubei, Chongqing	Residence	Under Construction	100%	24.64	3.51	68,200	150,400	102,200	-	-	-	150,400	150,400	-	-	67,705	12,988	-	-	45,692
47	North Star Mansion in Haikou	Haikou, Hainan	Residence and commercial	Under Construction	70%	36.31	3.52	106,800	281,100	206,000	144,200	-	-	281,100	117,900	75,600	235,900	69,144	23,954	35,494	71,139	84,519
48	Haikou North Star Changyiu Shijia	Haikou, Hainan	Residence	Completed	100%	12.35	2.63	30,500	134,700	106,800	-	-	-	134,700	134,700	134,700	106,385	92,776	25,750	28,336	67,026	-
49	Guangzhou Lanfang Xianglu (Lot 116)	Guangzhou, Guangdong	Residence and commercial	Under Construction	51%	12.00	0.43	25,900	113,700	77,800	39,700	-	-	113,700	113,700	-	-	-	-	-	-	-
50	Guangzhou Lanfang Xianglu (Lot 114)	Guangzhou, Guangdong	Residence and commercial	Under Construction	49%	9.66	0.92	25,100	110,600	76,600	37,500	-	-	110,600	110,600	-	-	25,485	9,759	-	-	-

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 4,979,000 square meters, representing a year-on-year decrease of 15.00%; equity land reserve was 4,436,000 square meters, representing a year-on-year decrease of 14.67% with no newly added real estate reserve; New construction area was 507,700 square meters, representing a year-on-year increase of 10.73%; area for new and resumed construction was 4,248,600 square meters, representing a year-on-year decrease of 23.73%; the completed area was 1,437,600 square meters, representing a year-on-year decrease of 19.81%; sales area was 616,300 square meters, representing a year-on-year decrease of 35.10%; sales amount was RMB12,424,000,000, representing a year-on-year decrease of 25.78%; settlement area was 769,900 square meters, representing a year-on-year decrease of 41.75%; the settlement amount was RMB10,965,000,000, representing a year-on-year decrease of 45.53%; the area to be booked as at the end of the Reporting Period was 740,400 square meters, representing a year-on-year decrease of 25.23%.

Table 3: Leasing of Real Estate during the Reporting Period*Unit: 0'000 Currency: RMB*

No.	Region	Project	Operation format	Construction area of the real estate leased (square meter)	Rental income of the real estate leased	Equity proportion (%)	Whether to adopt the fair value measurement model
1	No. 7 Tian Chen Dong Road, Chao Yang District, Beijing	China National Convention Center	Convention and exhibition	270,800	23,394	100	No
2	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Beijing International Convention Center	Convention and exhibition	58,000	5,925	100	No
3	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Bin Plaza	Office building	37,800	6,125	100	No
4	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Xin Plaza	Office building	40,900	5,404	100	No
5	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	North Star Times Tower	Office building	131,300	16,926	100	No
6	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	North Star Century Center	Office building	149,800	22,276	100	No
7	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Zhen Building Property	Office building	8,400	1,853	100	No
8	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Beijing Continental Grand Hotel	Hotel	42,000	5,743	100	No
9	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	National Convention Centre Hotel	Hotel	42,900	4,716	100	No
10	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	V-Continent Beijing Parkview Wuzhou Hotel	Hotel	60,200	6,419	100	No
11	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	Intercontinental Beijing Beichen Hotel	Hotel	60,000	8,572	100	No
12	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Intercontinental Changsha	Hotel	79,200	11,970	100	No
13	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Yuan Apartment	Apartment	184,300	17,716	100	No
14	A13 Beiyuan Road, Chao Yang District, Beijing	B5 Commercial Area of North Star Green Garden	Commercial	49,700	3,549	100	No
15	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Changsha North Star Delta Joy City	Commercial	100,000	10,177	100	No
16	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Changsha North Star International Convention Centre	Convention and Exhibition	39,100	2,856	100	No
17	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Changsha North Star International Hotel	Hotel	62,500	5,794	100	No
18	No. 9, Gaoxin 2nd Road, Hongshan District, Wuhan City, Hubei Province	Wuhan Guangguli	Commercial	29,600	3,317	51	No

Notes:

1. The B5 Commercial Area of North Star Green Garden has been leased to Beijing Shopin Retail Development Co., Ltd. (北京市上品商業發展有限責任公司) since August 2016.
2. Construction area of the real estate leased represents the total construction area of the project.
3. The rental income of real estate leased is the operating income of the projects.
4. Construction area and operating revenue of North Star Times Tower have included the construction area and operating revenue of the Xinchunli Shopping Centre commercial project.
5. The above-mentioned properties items 2, 3, 7, 8, 10 and 13 are erected on land leased from BNSIGC for a rental of RMB17,481,349 for the year 2022.

Table 4: Financing of the Company during the Reporting Period*Unit: 0'000 Currency: RMB*

Total financing amount as at end of the period	Overall average financing cost (%)	Interest capitalised
2,537,378	5.07	75,430

IV. DISCUSSION AND ANALYSIS OF FUTURE DEVELOPMENT**(I) Industry Landscape and Trend**

In 2023, by adhering to the general principle of seeking progress while maintaining stability, China will fully, accurately and comprehensively implement new development philosophy, accelerate the construction of a new development pattern, make efforts to promote high-quality development, stimulate market viability and social innovation to a larger extent, boost greater driving force from domestic demand to economic growth and focus on stabilizing growth, employment and prices, so as to maintain economic operation within a reasonable range.

For the real estate development business, China will continue to adhere to the general keynotes of “housing for living instead of speculation”, explore new development models, insist on houses for rent and purchase, accelerate the development of the long-term rental housing market, promote the construction of the housing security system, support the rigid housing needs and home purchases aiming at a better living environment, solve the housing problems of new citizens and young people, stabilize land prices, housing prices and expectations, and promote the virtuous cycle and healthy development of the real estate industry with implementation of policies due to the city policy.

For convention and exhibition (including hotels) and commercial properties, China will regulate and develop the long-term rental housing market and reduce the tax burden on rental housing, providing a sound policy environment for the apartment market. In this regard, the Ministry of Commerce issued the 14th Five-Year Plan for Commerce Development (《“十四五”商務發展規劃》), which proposed to perfect the development and coordination mechanism for convention and exhibition industry, improve regional exhibition platform, create high-level, professional and market-oriented brand exhibitions as well as developing an exhibition model that integrated online and offline businesses. In addition, the National Development and Reform Commission issued the 14th Five-Year Strategic Implementation Plan for Expanding Domestic Demand (《“十四五”擴大內需戰略實施方案》), which proposed to comprehensively boost consumption and proactively develop service consumption. On this basis, the business types such as exhibitions, hotels, office buildings and commercial properties in China will have more room and opportunities for development.

(II) Development Strategy of the Company

By continuing to maintain its strategies focus, the Company will constantly optimize its market-oriented operation mechanism, improve its governance and control capability, promote digital transformation of the industry and build a new pattern featuring mutual support, complementary advantages and coordinated development of the real estate, convention and exhibition and commercial property sectors, thus promoting high-quality development of the Company.

1. Real Estate Development

The Company will continue to strengthen the overall planning, make a long-term development plan, and strive to build a real estate brand with Beijing North Star characteristics. **In terms of land reserve**, it will strengthen the land market research, optimize the layout of key areas, deepen the exploration in high-quality cities, reasonably control the scale of land reserve, and scientifically coordinate development plans to ensure the sustainable development of the Company. **In terms of product offering**, based on the market demand, it will focus on improving the core competitiveness of products and cultivating differentiated competitive advantages, innovating the product system in respect of architectural space, landscape design and technology empowerment to create brand characteristics and enhance brand premium, so as to better meet the demand for new and improved housing. **In terms of operation and management and control**, it will strive to promote the construction of a large-scale operation system and enhance the awareness of risk prevention and control by strengthening construction progress control to prevent potential delivery risks; strengthening project quality control to improve customer satisfaction; strengthening control over collection of sales proceeds to ensure safety of cash flow; and strengthening control over cost budgeting to enhance fund utilization efficiency.

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

The Company will focus on serving the overall national plans, the functional construction of the “four centers” of the capital city and the comprehensive development of the city industry, take the lead in the development of the convention and exhibition industry, and strive to develop an international first-class convention and exhibition brand. Meanwhile, it will drive the synergic development of hotels, office buildings, apartments, integrated commercial and other business types, with convention and exhibition as the leading player, and endeavor to build a competitive commercial property management brand in the industry.

In respect of the convention and exhibition business segment, the Company will **strengthen strategic planning**, closely integrate the convention and exhibition business with the construction of the “four centers” functions as well as the comprehensive development of urban industries, with an aim to lead the development of the industry; **expand upstream business**, strengthen the integration of resources and strengths, deeply plan independent IP exhibitions, expand the scale of its own exhibition, actively introduce external high-quality resources, and cooperate to organize exhibitions; **consolidate the advantages of venue management**, strengthen the construction of venue management team, improve venue management standards, innovate the output management mode, and expand the entrusted management market; **cultivate hotel management brand**, focus on the construction of hotel management standards, talent team and brand system, strengthen market expansion, and improve the scale of output management; and **build a leading think tank in the convention and exhibition industry**, focus on the forefront of the international convention and exhibition market, strengthen the research on the development trend and industrial policy of the convention and exhibition industry, provide scientific strategy and advice on the development of its convention and exhibition business, and provide in-depth professional reference for the policy formulation of the convention and exhibition industry.

In the commercial properties sector, the Company will fully utilize the platform advantages of Beijing North Star Commercial Management Co., Ltd., accelerating the effective transformation from decentralized independent operation to flat unified management, systematically planning the optimization and upgrading, innovation and development of the property resources in the Asian-Olympic district such as office buildings and apartments, and strive to enhance the quality and value of the Company’s assets. It will strengthen benchmarking against industry standards, improve operation and management capabilities, regulate and improve service standards, build professional management and operation team, expand business scale in an orderly manner, and promote brand output in due course.

3. *Financing and Capital Expenditure*

Taking into account the market and industry policy changes, the Company will make full use of the “headquarters financing” model, actively expand diversified financing channels, further optimize the structure of assets and liabilities, improve the fund utilization efficiency, effectively reduce expenses, pay attention to the quality of collection of sales proceeds, strengthen cash flow management, improve the Company’s overall risk resistance and operation resilience, increase the margin of safety of funds, and ensure the stability of the capital chain.

In 2023, 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.

(III) Scheme of Operations

In 2023, it is estimated that new construction area of the Company's real estate development segment will be 230,000 square meters, the area for new and resumed construction will be 3,087,100 square meters and the completed area will be 1,574,800 square meters. Overcoming the impact of the regulation policy on real estate industry, the Company will strive to achieve sales of 787,100 square meters with contracts signed (including parking spaces) amounting to RMB13 billion.

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

(IV) Potential Risks Faced

1. Market Risk

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

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

2. Policy Risk

The development of the real estate industry is closely related to the direction of national policies. Despite the relaxation of current industry policies, China has continued to adhere to the keynote of "housing for living instead of speculation", hence real estate enterprises continued to face risks relating to policies to a certain extent.

In response to the aforesaid risks, the Company will pay close attention to relevant national policies and changes in the macroeconomic environment. 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. *Short-term Risks of Talent Reserve*

As the Company has continuously strengthened its national business layout for real estate development in recent years and steadily advanced the entrusted management of the convention and exhibition venues and hotels and other businesses, it has led to soaring demands for all kinds of talents, especially people with expertise and senior management personnel. The Company may be exposed to the risk of talent shortage in the near future.

In response to the aforesaid risks, the Company set up a talent work leading group, strengthened the combination of internal selection and training with the market-oriented talents introduction, selected professional managers, and fully implemented the contractual management of the tenure system among managers, provided training to corporate leaders and young talents to improve their operation and management capability, and promoted the construction of high-quality professional leaders; accelerated the talent reserve by developing a three-tier talent training system, featuring “Strong Eagle, Flying Eagle, Elite Eagle” (“雄鷹、飛鷹、精鷹”) of the Convention Group and “Navigating, Voyaging, and Sailing” (“領航、遠航、啟航”) of the Real Estate Group; and strengthened the foundation of our talent pool through the introduction and cultivation of fresh graduates and the launch of the “Excellence Training Programme”.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2022, the equity attributable to ordinary shareholders of the Company amounted to RMB19,412,950,000, representing a decrease of 7.50% as compared to 31 December 2021.

The Group’s bank and other borrowings as at 31 December 2022 amounted to RMB17,259,733,000. As at the end of the year, net values of the Group’s 5-year corporate bonds and 5-year medium-term notes were RMB3,446,865,000 and RMB3,924,250,000, respectively. Asset-backed securities were RMB742,937,000 at the end of the year.

Current assets of the Group, which mainly comprised cash at bank and on hand, completed properties held for sale and properties under development, amounted to RMB54,450,940,000, whereas the current liabilities amounted to RMB31,356,819,000. As at 31 December 2022, balances of cash at bank and on hand amounted to RMB8,388,151,000 (excluding restricted bank deposits) and none of the bonds in issue were exposed to redemption and payment risks. During the year, the Company did not engage in any transaction on financial products or derivative instruments.

As at 31 December 2022, the Group had secured borrowings from banks and other financial institutions of RMB14,905,065,000 with certain investment properties, hotel properties, properties under development and completed properties held for sale as the collaterals. The asset-liability ratio calculated by total liabilities divided by total assets for the Group was 70% as at the end of the Reporting Period (31 December 2021: 71%).

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

The Group has arranged bank financing for certain buyers of property units and provided repayment guarantee for such buyers. The above phased guarantees will not have a material impact on the financial position of the Group. The amount of outstanding phased guarantees as at 31 December 2022 was RMB10,979,240,000 (31 December 2021: RMB13,901,298,000).

PROVISION FOR IMPAIRMENT

During the Reporting Period, after having comprehensively taken into account the market conditions of the real estate project location, project positioning, development and sales plans and other factors, the Company conducted the impairment tests on the net realisable value of its projects, and made provision for the impairment of inventories whose cost is higher than its net realisable value. As confirmed by the test, the Company is required to make provision for the impairment of inventories for real estate projects of RMB905 million.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2022, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DESIGNATED DEPOSITS AND OVERDUE FIXED DEPOSITS

As at 31 December 2022, the Group had no designated deposits placed with financial institutions in the PRC. All of the Group's cash deposits are placed with commercial banks in the PRC and are in compliance with applicable laws and regulations. The Group has not experienced any incidents of not being able to withdraw bank deposits upon maturity.

EMPLOYEES

As at 31 December 2022, the Company had 5,387 employees. The employee remuneration policy of the Company is that the total salary is paid with reference to its economic efficiency. Save for the remuneration policy disclosed above, the Company did not provide any share option scheme for its employees. The Company regularly provides its management personnel trainings on various subjects, including operation management, foreign languages, computer skills, industry know-how and policies and laws. The trainings are provided in different forms, such as seminars, site visits and survey tours.

CORPORATE GOVERNANCE CODE

The Company strives to maintain and establish a high level of corporate governance, and the Company had fully complied with the codes and provisions as set out in the Corporate Governance Code (as effective during the year) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiries to all directors and supervisors of the Company, the Company confirms that its directors and supervisors have complied with the required standards as set out in the Model Code during the year.

AUDIT COMMITTEE

The Company has established an audit committee since September 2004. The audit committee comprises three independent non-executive directors, namely Mr. CHEN De-Qiu (as chairman), Dr. CHOW Wing-Kin, Anthony and Mr. GAN Pei-Zhong. Their duties include reviewing and supervising the Company’s financial reporting process, risk management and internal control systems. The audit committee and the management have jointly reviewed the accounting principles and major policies adopted by the Group and have discussed matters on auditing, risk management, internal control and financial reporting, as well as reviewing the unaudited interim financial report and the audited annual financial statements of the Group. The audit committee has also reviewed the annual results and draft financial statements of the Group for the year ended 31 December 2022.

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

Beijing, the PRC, 23 March 2023

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