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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)

2019 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the “**Board**”) of Beijing North Star Company Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2019 (the “**Period**” or “**Reporting Period**”), based on the interim condensed consolidated financial information which has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and relevant requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The 2019 interim condensed consolidated financial information of the Company has not been audited but has been reviewed by the Board and the audit committee of the Company (the “**Audit Committee**”).

For the Period, the Group achieved revenue of RMB8,548,956,000, representing an increase of 56.39% over the same period of the previous year. Operating profit was RMB3,077,737,000, representing an increase of 88.12% over the same period last year. Profit attributable to the ordinary shareholders of the Company was RMB1,342,333,000, representing an increase of 76.85% over the same period last year. Among others, the after-tax core operating results of the Company's principal business (excluding gains arising from the changes in fair value) were RMB1,265,997,000, representing an increase of 79.13% over the same period last year, and the gains (after taxation) on changes in fair value of investment properties was RMB76,336,000.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Unaudited	
		Six months ended 30 June	
		2019	2018
		<i>RMB'000</i>	<i>RMB'000</i>
Continuing operation			
Revenue	2	8,548,956	5,466,299
Cost of sales		(4,995,623)	(3,376,404)
Gross profit		3,553,333	2,089,895
Selling and marketing expenses		(193,337)	(209,266)
Administrative expenses		(391,983)	(320,995)
Fair value gains on investment properties	3	101,782	69,684
Net impairment losses on financial assets		(1,805)	–
Other income		2,167	–
Other gains – net		7,580	6,718
Operating profit		3,077,737	1,636,036
Finance income	4	46,515	101,192
Finance expenses	4	(248,271)	(341,676)
Finance expenses – net	4	(201,756)	(240,484)
Share of net profit of investments accounted for using the equity method		33,897	84,598
Profit before income tax	2	2,909,878	1,480,150
Income tax expenses	5	(1,319,880)	(499,829)
Profit from continuing operations		1,589,998	980,321
Loss from discontinued operation (attributable to ordinary shareholders of the Company)		(392)	(6,779)
Profit for the Period		1,589,606	973,542

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (CONTINUED)

	Unaudited	
	Six months ended 30 June	
Note	2019	2018
	RMB'000	RMB'000
Attributable to:		
Ordinary shareholders of the Company	1,342,333	759,015
Holders of perpetual bond	86,430	—
Non-controlling interests	160,843	214,527
	<u>1,589,606</u>	<u>973,542</u>
Earnings per share attributable to ordinary shareholders of the Company during the Period (<i>expressed in RMB cents per share</i>) (<i>basic and diluted</i>)		
From continuing operations	39.88	22.74
From discontinued operations	(0.01)	(0.20)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Profit for the Period	1,589,606	973,542
<i>Items that will not be reclassified to profit or loss</i>		
Revaluation of properties newly transferred to investment properties	275,353	—
Income tax relating to this item	(68,838)	—
Other comprehensive income for the Period, net of tax	206,515	—
Total comprehensive income for the Period	1,796,121	973,542
Attributable to:		
Ordinary shareholders of the Company	1,548,848	759,015
Holders of perpetual bond	86,430	—
Non-controlling interests	160,843	214,527
	1,796,121	973,542
Total comprehensive income for the Period attributable to ordinary shareholders of the Company arises from:		
Continuing operations	1,549,240	765,794
Discontinued operations	(392)	(6,779)
	1,548,848	759,015

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Right-of-use assets		290,186	–
Land use rights		–	294,514
Investment properties		13,313,500	12,867,800
Property, plant and equipment		2,185,030	2,324,215
Investments accounted for using the equity method		330,437	327,773
Deferred income tax assets		1,103,961	864,640
Other receivables and prepayments	7	265,750	254,952
		<u>17,488,864</u>	<u>16,933,894</u>
Current assets			
Properties under development		58,562,509	51,244,333
Completed properties held for sale		6,197,055	9,102,815
Other inventories		46,487	47,552
Trade and other receivables and prepayments	7	7,252,856	8,825,465
Restricted bank deposits		2,132,383	1,904,818
Cash and cash equivalents		11,964,707	11,851,788
		<u>86,155,997</u>	<u>82,976,771</u>
Total assets		<u>103,644,861</u>	<u>99,910,665</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

		Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
	Note		
LIABILITIES			
Non-current liabilities			
Long-term borrowings		20,666,788	19,768,944
Trade and other payables and loans from other parties	8	4,628,682	5,031,574
Employee termination benefit obligations		130,162	137,127
Deferred income tax liabilities		2,120,917	2,004,066
		<u>27,546,549</u>	<u>26,941,711</u>
Current liabilities			
Trade and other payables and loans from other parties	8	12,807,467	10,848,489
Contract liabilities		27,360,609	28,444,766
Current income tax liabilities		2,363,288	2,327,896
Current portion of long-term borrowings		7,420,140	7,391,618
Short-term borrowings		1,000,000	1,100,000
		<u>50,951,504</u>	<u>50,112,769</u>
Total liabilities		<u>78,498,053</u>	<u>77,054,480</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	<i>Note</i>	Unaudited 30 June 2019 <i>RMB'000</i>	Audited 31 December 2018 <i>RMB'000</i>
EQUITY			
Share capital		3,367,020	3,367,020
Other reserves		4,708,117	4,501,602
Retained earnings		<u>12,685,881</u>	<u>11,747,590</u>
Capital and reserves attributable to ordinary shareholders of the Company		20,761,018	19,616,212
Perpetual bond		2,598,425	1,613,451
Non-controlling interests		<u>1,787,365</u>	<u>1,626,522</u>
Total equity		<u>25,146,808</u>	<u>22,856,185</u>
Total equity and liabilities		<u><u>103,644,861</u></u>	<u><u>99,910,665</u></u>

Notes:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2019 (the “**interim report**”) has been prepared in accordance with HKAS 34 “Interim financial reporting”. This interim condensed consolidated financial information should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”), issued by HKICPA.

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

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018, as described in those annual financial statements, except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current Reporting Period and the Group had to change its accounting policies as a result of adopting the leasing standard, and the other standards did not have any impact on the Group’s accounting policies.

HKFRS 16 “Leases”

HKFRS 16 will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and lease liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

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

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HKFRIC 4 in determining whether an arrangement contains a lease.

The adoption of HKFRS 16 did not have any material impact on the Group's consolidated financial information and did not require any retrospective adjustments or adjustments on the opening retained earnings as at 1 January 2019.

The only impact as recognised upon the adoption of HKFRS 16 is to redesignate the Group's land use rights (which were previously presented as a separate item in the consolidated balance sheet) as "right-of-use assets" with effect from 1 January 2019.

2. SEGMENT INFORMATION

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

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

2. SEGMENT INFORMATION (CONTINUED)

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

The Board assesses the performance of the operating segments based on a measure of adjusted profit before income tax based on assumptions that investment properties are measured at cost less accumulated depreciation. This measurement basis mainly excludes the fair value gains 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 report.

Total segments' assets mainly exclude assets of discontinued segment, 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 segments' liabilities mainly exclude liabilities of discontinued segment, deferred 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.

Revenue consists of sales from developed properties and revenue generated from investment properties and hotels. Revenues recognised during the six months ended 30 June 2019 and 30 June 2018 are as follows:

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Revenue		
Properties development segment	7,195,212	4,149,023
Investment properties and hotels segment	1,310,116	1,274,384
	8,505,328	5,423,407
Other segments	43,628	42,892
	8,548,956	5,466,299

2. SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 June 2019, the Group derives revenue from the transfer of properties, goods and services over time and at a point in time from the following segments:

	At a point in time	Over time
Properties development	6,940,959	254,253
Investment properties and hotels*	172,787	192,597
Other segments	7,371	30,224
	<u>7,121,117</u>	<u>477,074</u>

* Rental income from investment properties is recognised on a straight-line basis over the term of the lease and has not been included in the above analysis.

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

Sales between segments are 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.

Business segment	Properties development <i>RMB'000</i>	Investment properties and hotels <i>RMB'000</i>	Other segments <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 30 June 2019 (Unaudited)				
Total segment revenue	7,195,212	1,343,410	63,676	8,602,298
Inter-segment revenue	<u>–</u>	<u>(33,294)</u>	<u>(20,048)</u>	<u>(53,342)</u>
Revenue from external customers	<u>7,195,212</u>	<u>1,310,116</u>	<u>43,628</u>	<u>8,548,956</u>
Adjusted profit/(loss) before income tax	<u>1,841,788</u>	<u>423,914</u>	<u>(12,345)</u>	<u>2,253,357</u>

2. SEGMENT INFORMATION (CONTINUED)

Business segment	Properties development <i>RMB'000</i>	Investment properties and hotels <i>RMB'000</i>	Other segments <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 30 June 2018 (Unaudited)				
Total segment revenue	4,149,023	1,287,731	58,429	5,495,183
Inter-segment revenue	—	(13,347)	(15,537)	(28,884)
Revenue from external customers	<u>4,149,023</u>	<u>1,274,384</u>	<u>42,892</u>	<u>5,466,299</u>
Adjusted profit/(loss) before income tax	<u>986,693</u>	<u>424,705</u>	<u>(8,471)</u>	<u>1,402,927</u>
As at 30 June 2019 (Unaudited)				
Business segment	Properties development <i>RMB'000</i>	Investment properties and hotels <i>RMB'000</i>	Other segments <i>RMB'000</i>	Total <i>RMB'000</i>
Total segments' assets	80,229,701	7,514,450	88,010	87,832,161
Total segments' assets include: Investments accounted for using the equity method	330,437	—	—	330,437
Additions to non-current assets (other than deferred income tax assets)	6,837	52,851	1,279	60,967
Total segments' liabilities	67,303,826	1,320,136	160,237	68,784,199
Contract liabilities	<u>27,249,257</u>	<u>77,751</u>	<u>6,232</u>	<u>27,333,240</u>
As at 31 December 2018 (Audited)				
Total segment's assets	77,978,639	7,188,818	90,223	85,257,680
Total segment's assets include: Investments accounted for using the equity method	327,773	—	—	327,773
Additions to non-current assets (other than deferred income tax assets)	18,227	123,682	15,311	157,220
Total segments' liabilities	66,236,832	1,342,924	190,042	67,769,798
Contract liabilities	<u>28,329,022</u>	<u>85,173</u>	<u>2,742</u>	<u>28,416,937</u>

2. SEGMENT INFORMATION (CONTINUED)

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

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Adjusted profit before income tax for reportable segments	2,253,357	1,402,927
Corporate overheads	(89,118)	(36,596)
Corporate finance expenses	(228,475)	(306,184)
Corporate finance income	13,302	70,473
Other income	1,799	–
Fair value gains on investment properties	101,782	69,684
Reversal of depreciation of investment properties	90,269	91,972
Land appreciation tax	766,962	187,874
Profit before income tax	2,909,878	1,480,150

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

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2019	2018
	RMB'000	RMB'000
Total segments' assets	87,832,161	85,257,680
Deferred income tax assets at corporate level	670,131	573,430
Corporate cash	6,631,968	6,034,756
Accumulated fair value gains on investment properties	6,170,949	5,793,814
Reversal of accumulated depreciation of investment properties	2,312,723	2,222,454
Assets of discontinued segment	26,929	28,531
Total assets per balance sheet	103,644,861	99,910,665

2. SEGMENT INFORMATION (CONTINUED)

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

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2019	2018
	RMB'000	RMB'000
Total segments' liabilities	68,784,199	67,769,798
Deferred income tax liabilities at corporate level	2,120,917	2,004,066
Corporate borrowings	6,302,409	6,247,383
Other corporate liabilities	1,276,435	1,006,230
Liabilities of discontinued segment	14,093	27,003
	<hr/>	<hr/>
Total liabilities per balance sheet	78,498,053	77,054,480
	<hr/> <hr/>	<hr/> <hr/>

The Company and its subsidiaries were domiciled in the People's Republic of China ("PRC") and all the revenue from external customers of the Group for the six months ended 30 June 2019 and 2018 are derived in the PRC.

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

At 30 June 2019 and 31 December 2018, 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 there was no significant revenue derived from any specific external customers during the six months ended 30 June 2019 and 2018.

3. OPERATING PROFIT

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

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Investment properties at fair value through profit or loss:		
– fair value gains charged to profit or loss	101,782	69,684
Net impairment losses on financial assets	(1,805)	(100)
Loss on disposal of property, plant and equipment and investment properties	(1,516)	(579)
	<u></u>	<u></u>

4. FINANCE INCOME AND EXPENSES

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Interest expense	(1,118,333)	(1,064,399)
Less: amounts capitalised in properties under development at a capitalisation rate of 6.14% per annum (2018: 6.11%)	871,508	724,873
Finance expenses	(246,825)	(339,526)
Bank charges and others	(1,446)	(2,150)
	<u>(248,271)</u>	<u>(341,676)</u>
Finance income		
– Interest income	46,515	101,192
Net finance expenses	<u>(201,756)</u>	<u>(240,484)</u>

5. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made as the Group had no assessable profits in Hong Kong for the six months ended 30 June 2019 and 2018. The PRC enterprise income tax is computed according to the relevant laws and regulations in the PRC. The applicable income tax rate for the six months ended 30 June 2019 and 2018 was 25%.

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Current income tax		
– PRC enterprise income tax	744,226	301,583
– PRC land appreciation tax	766,962	187,874
Deferred income tax	(191,308)	10,372
	1,319,880	499,829

6. DIVIDENDS

The final dividend that relates to the year ended 31 December 2018 (the “**2018 final dividend**”) amounting to RMB404,042,000 was approved at the annual general meeting in May 2019 (Final dividend related to the year ended 31 December 2017 of RMB370,372,000 was approved at the annual general meeting in May 2018). Total 2018 final dividend which were paid by the Group to the ordinary shareholders of the Company during the six months ended 30 June 2019 amounted to RMB319,200,000. The remaining 2018 final dividend was paid in full in July 2019.

The Board resolved that no interim dividend will be declared in respect of the six months ended 30 June 2019 (Six months ended 30 June 2018: Nil).

7. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

As at 30 June 2019 and 31 December 2018, the Group's trade and other receivables and prepayments include trade receivables, prepaid tax, receivables due from related parties and non-controlling interests, interest receivables, other prepayments and receivables.

The majority of the Group's sales are on cash or advance basis. The remaining amounts are with credit terms of 30 to 90 days. As at 30 June 2019 and 31 December 2018, the ageing analysis of the trade receivables at the end of reporting period is as follows:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables		
0 – 30 days	69,901	44,856
31 – 90 days	60,546	1,620
Over 90 days	35,470	39,322
	<hr/>	<hr/>
	165,917	85,798
	<hr/> <hr/>	<hr/> <hr/>

8. TRADE AND OTHER PAYABLES AND LOANS FROM OTHER PARTIES

As at 30 June 2019 and 31 December 2018, the Group's trade and other payables and loans from other parties mainly include trade payables, accrued interests, amounts due to related parties, non-controlling interests and contractor, commercial mortgage backed securities and other payables.

The ageing analysis of the trade payables based on date of services/goods received at the end of Reporting Period is as follows:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables		
0 – 180 days	3,241,186	4,182,195
181 – 365 days	240,419	336,843
Over 365 days	2,010,350	2,140,112
	5,491,955	6,659,150

RECONCILIATION OF CONSOLIDATED INTERIM FINANCIAL INFORMATION

The Group has prepared a separate set of consolidated interim financial statements for the six months ended 30 June 2019 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:

	Profit attributable to owners of the Company		Capital and reserves attributable to owners of the Company	
	For the six months ended		As at	As at
	30 June		30 June	31 December
	2019	2018	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As stated in accordance with CAS	<u>1,284,725</u>	<u>637,773</u>	<u>16,996,689</u>	<u>15,217,462</u>
Impact of HKFRS adjustments:				
1. Reversal of depreciation of investment properties under CAS	67,702	68,979	1,734,542	1,666,840
2. Fair value adjustment of investment properties under HKFRS	<u>76,336</u>	<u>52,263</u>	<u>4,628,212</u>	<u>4,345,361</u>
As stated in accordance with HKFRS (including those attributable to both ordinary shareholders of the Company and holders of perpetual bond)	<u><u>1,428,763</u></u>	<u><u>759,015</u></u>	<u><u>23,359,443</u></u>	<u><u>21,229,663</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

I. DISCUSSION AND ANALYSIS ON OPERATION

In the first half of 2019, against the complicated situation with significantly increased overseas and domestic risks and challenges, Chinese government adhered to the general working guidelines of making progress while maintaining stability and proceeded to promote the supply-side structural reform to give impetus to high-quality development and deepen reform and open-up continually. As a result, in the first half of the year, the economy continued the development momentum of general stability and making progress while maintaining stability, major macro-economic indicators remained within a reasonable range and the GDP growth rate reached 6.3%.

1. Development Properties

In the first half of 2019, the central government reiterated the keynote policy of “housing properties for accommodation, not speculation” and upheld the regulating and control target of “stabilizing land price, housing price and expectations”; the local governments continued the relentless effort on implementing city-specific policies and category-based guidance in a consistent manner. In general, in the first half of the year, the commodity housing sales maintained stable despite the slight decline, the average transaction price plateaued on the whole, the real estate market kept running smoothly, and the performance of markets in cities at different tiers demonstrated an increasingly prominent diverging trend. In addition, residential land sales increased slightly, the accommodation price grew substantially, and the premium rate remained at high level. 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 the first half of 2019 was 661,810,000 square metres, representing a decrease of 1.0 % over the corresponding period last year and the corresponding average sales price of commodity housing was RMB9,269 per square metre, representing an increase of 9.5 % over the corresponding period last year.

To be specific, in the first-tier cities, the average commodity housing price maintained stable at a high level and the sales area increased substantially as compared to the corresponding period last year; in the second-tier cities, the average transaction price of commodity housing experienced a modest rise, the transaction volume remained flat on the whole as compared to the corresponding period last year, and the differentiation in cities sustained. The third and fourth tier cities suffered the most serious drop in sales volume among cities at all tiers, though the average transaction price of commodity housing rose slightly while maintaining stability.

Table 1: A summary of commodity housing sales as at the end of the Reporting Period in the cities where the Company has established presence

City	Sales area (0'000 square meters)	Increase compared with the same period last year (%)	Sales Amount (RMB100 million)	Increase compared with the same period last year (%)	Average transaction price (RMB/square meter)	Increase compared with the same period last year (%)
Beijing	332	105.6	1,384	120.0	41,715	7.0
Changsha	808	-2.8	647	6.9	8,015	10.0
Wuhan	1,514	-5.1	2,025	4.3	13,372	9.9
Hangzhou	565	-11.7	1,408	-8.1	24,919	4.2
Suzhou	938	19.7	1,631	33.4	17,390	11.5
Ningbo	718	1.2	1,130	-5.0	15,729	-6.1
Nanjing	534	5.1	921	3.5	17,254	-1.5
Hefei	569	12.7	787	19.1	13,813	5.7
Chengdu	1,172	-3.6	1,267	10.2	10,818	14.2
Chongqing	2,688	-8.3	2,277	-2.3	8,471	6.5
Langfang	171	-7.3	196	-1.8	11,506	6.0
Wuxi	570	4.2	755	16.3	13,239	11.5
Haikou	165	-18.5	257	6.3	15,584	30.5
Meishan	245	14.9	199	8.0	8,098	-6.0
Guangzhou	518	12.3	1,256	35.5	24,235	20.7

Sources: National Bureau of Statistics, CREIS China Index.

2. Investment Properties (Including Hotels)

The PRC devoted considerable efforts in adjusting economic structure and accelerating the development of modern service industry and determined the strategic positioning of its capital city. Under such background, the investment properties (including hotels) market showed a stable and positive tendency. Meanwhile, as driven by economic transformation of the PRC, the industrial innovation also gave rise to extra demand in investment properties market. In particular, as China's convention and exhibition industry has become increasingly specialized, market-oriented and internationalized in recent years, it has become an important platform for building a modern market system and an open economic system, and China is becoming a hard-core player in the global convention and exhibition industry. In the office building market in Beijing in the first half of 2019, the additional supply remained low, while the overall occupation rate and rent level in the market maintained stable. The number of accommodation received at the high-end hotels in Beijing decreased as compared to the corresponding period last year. With the continuous release of favourable policies in relation to the apartment market, and strong support provided by the government to the leasing market, especially long-term leasing, demand in the market was growing while supply was slightly inadequate in contrast.

II. BUSINESS REVIEW DURING THE REPORTING PERIOD

In the first half of 2019, in virtue of the Company's proactive promotion of the three major strategies of brand expansion, low-cost expansion and capital expansion, it embraced rapider growth of development properties, robust operation of investment properties and inquiry-based progress in respect of innovative business. As a result, the Company recorded continuously growing assets, income and profit. During the Reporting Period, due to the sharp increase in settlement area of the Company's development properties, revenue from operations and profit before tax of the Company amounted to RMB8,548,956,000 and RMB2,909,878,000, representing an increase of 56.39% and 96.59% over the same period last year, respectively. Meanwhile, as most of the products carried forward were the projects in which the Company held 100% equity interests, profit attributable to ordinary shareholders amounted to RMB1,342,333,000, representing an increase of 76.85% over the same period last year. The after-tax core operating results of the principal businesses of the Company (excluding gains arising from the changes in fair value) were RMB1,265,997,000, representing a year-on-year increase of 79.13%. Earnings per share were RMB0.3987, representing an increase of 76.89% over the same period last year.

1. Development Properties

Upon thorough research of policy trend and judgment of market development preference, the Company upheld the operation goal of accelerating turnover rate, adopted targeted marketing approaches and has thus achieved substantial increase in its operating results. In the first half of 2019, as a result of the increase in the settlement area, revenue from development properties reached RMB7,195,212,000 (including parking spaces), representing a year-on-year increase of 73.42%, and the profit before tax was RMB1,841,788,000, representing a year-on-year increase of 86.66%. During the Reporting Period, the new and resumed construction area of development properties was 7,239,000 square metres; the completed area was 496,300 square metres; the contracted sales amount and the sales area were RMB10,035 million (including parking spaces) and 677,700 square metres, respectively.

Increasingly intensive marketing endeavors. Against the backdrop of relentless macro control endeavor and increasingly differentiated performance in different regions and cities, the Company responded flexibly and lay in wait for opportunities. During the Reporting Period, the rally of demands in certain urban hot regions drove up the transaction volume. Contracted sales recorded in Changsha, Wuhan, Ningbo and Wuxi amounted to RMB2,412 million, RMB1,807 million, RMB984 million and RMB2,067 million, respectively.

Rational expansion of land reserve. Capitalizing on the opportunity of market cycle rotation, the Company continued to deepen its development in the first-tier and second-tier popular core cities to replenish land resources in well-developed economic zones such as Yangtze River Delta, Pearl River Delta and the pan-Bohai area, and made its debut in Guangzhou, a key city covered by the Guangdong-Hong Kong-Macao Greater Bay Area during the Reporting Period. As at the end of the Reporting Period, the Company already established presence in 15 cities, namely Beijing, Changsha, Wuhan, Hangzhou, Chengdu, Nanjing, Suzhou, Hefei, Langfang, Chongqing, Ningbo, Wuxi, Haikou, Meishan and Guangzhou, with a total land reserve of approximately 7,930,000 square meters, and possessed a total of 43 projects in the pipeline, under construction or for sale, with the planned total floor area of 19,320,000 square meters. Accordingly, the Company established a trans-regional layout covering North China, Central China, East China and the Southwest.

Continuous furtherance of systemic construction. In accordance with the three main principles of decision management, function management and business management, North Star Real Estate Group enhanced the institutional system construction. It comprehensively implemented information-based control, standardized the procedures of real estate development and construction and refined the product management standard so as to keep improving product quality and customers' satisfaction, and pursue continuous enhancement of overall scientific control.

Table 2: Real Estate Projects during the Reporting Period

Unit: RMB100 million, square meter

No.	Project name	Location	Operating state	Project status	Project interests	Actual investment amount during the Reporting Period		Total floor area	Planned plot ratio-based gross floor area	Floor area under construction			Accumulated completed area	Salable area during the Reporting Period	Contracted area during the Reporting Period
						Total investment	Investment during the Reporting Period			Land area held for development	New construction area during the Reporting Period	Area under construction during the Reporting Period			
1	Beijing North Star Red Oak Villa	Changping, Beijing	Villa	Under Construction	100%	34.00	0.31	287,500	150,000	-	-	213,800	173,600	11,712	222
2	Beijing Modern Beichen Yue MOMA	Shunyi, Beijing	Owner occupied commercial housing and housing of two limits	Under Construction	50%	23.47	0.02	52,800	109,300	54,700	-	132,500	131,100	4,902	-
3	Beijing North Star • Villa 1900	Shunyi, Beijing	Residence	Completed	100%	24.45	-	101,200	140,000	-	-	213,300	207,900	47,228	12,425
4	Beijing Incheon Mansion	Changping, Beijing	Residence	Under Construction	51%	93.09	6.88	86,600	170,400	87,000	280,100	280,100	-	195,667	-
5	Changsha North Star Delta	Changsha, Hunan	Residence, commercial and office building	Under Construction	100%	330.00	8.22	780,000	3,820,000	-	751,000	4,449,000	3,510,000	321,805	143,705
6	Changsha North Star Central Park	Changsha, Hunan	Residence	Under Construction	51%	48.00	1.06	336,300	906,300	367,200	141,100	765,200	455,000	108,279	64,791
7	Changsha North Star Shiguangli	Changsha, Hunan	Residence and commercial	In the pipeline	100%	13.07	2.29	27,700	107,900	-	146,000	-	-	-	-
8	Wuhan North Star Contemporary Best+	Wuhan, Hubei	Residence and commercial	Completed	45%	21.00	0.47	104,700	313,800	108,500	-	313,800	313,800	5,212	447
9	Wuhan North Star Guangguli	Wuhan, Hubei	Commercial Service	Under Construction	51%	33.94	1.08	84,200	492,000	171,900	134,800	357,200	-	70,251	9,352
10	Wuhan Blue City	Wuhan, Hubei	Residence and commercial	Under Construction	100%	86.63	54.44	358,000	976,000	-	220,600	745,400	216,900	127,403	80,235
11	Wuhan North Star • Gentilde • China Chic	Wuhan, Hubei	Residence	Under Construction	51%	22.83	8.77	41,800	127,000	64,900	-	182,000	-	34,912	30,489
12	Wuhan North Star Peacock Shual	Wuhan, Hubei	Residence	Under Construction	60%	12.97	4.59	75,200	172,800	103,700	-	220,000	-	35,945	30,473
13	Wuhan Lot 067 Project	Wuhan, Hubei	Residence and commercial	In the pipeline	100%	20.00	5.48	50,500	177,200	-	177,200	-	-	-	-
14	Wuhan Lot 068 Project	Wuhan, Hubei	Residence and commercial	In the pipeline	100%	16.20	6.79	63,200	223,700	-	223,700	-	-	-	-
15	Wuhan Lot P164 Project	Wuhan, Hubei	Residence and commercial	In the pipeline	100%	18.72	8.63	50,500	213,800	151,400	-	-	-	-	-
16	Hangzhou North Star Shushan Project	Hangzhou, Zhejiang	Residence and commercial	Completed	80%	26.78	0.93	83,900	317,500	188,000	-	317,500	317,500	12,677	2,359
17	Hangzhou Honor Mansion	Hangzhou, Zhejiang	Residence and commercial	Completed	35%	14.85	0.09	41,900	108,400	26,300	-	108,400	108,400	-	-
18	Hangzhou Scenery Mansion	Hangzhou, Zhejiang	Residence and commercial	Completed	35%	4.90	0.05	13,400	32,000	8,100	-	32,000	32,000	-	-
19	Hangzhou Guosongfu	Hangzhou, Zhejiang	Residence	Under Construction	100%	16.06	0.94	21,900	48,200	-	-	69,900	-	5,127	4,041
20	Hangzhou Linhu Art Villa of City	Hangzhou, Zhejiang	Residence and commercial	Completed	25%	5.50	0.27	57,400	144,000	36,000	-	206,700	206,700	1,366	599
21	Hangzhou North Star Linghuan Mansion	Hangzhou, Zhejiang	Residence	Under Construction	100%	11.03	0.55	12,200	44,400	-	44,400	44,400	-	-	-

No.	Project name	Location	Operating state	Project status	Project interests	Actual investment amount during the Reporting Period		Project area	Total floor area	Planned plot ratio-based gross floor area	Equity area	Land area held for development	New construction area during the Reporting Period		Accumulated development area	Floor area under construction during the Reporting Period		Completed area during the Reporting Period	Accumulated completed area	Saleable area during the Reporting Period	Contracted area during the Reporting Period
						Total investment	Period						Construction area	Construction area							
22	Ningbo Beichenfu	Ningbo, Zhejiang	Residence	Under Construction	100%	41.71	2.44	47,300	189,700	137,400	-	-	-	-	189,700	-	189,700	-	-	101,637	23,814
23	Ningbo Mansion • Jintian	Ningbo, Zhejiang	Residence and commercial	Under Construction	51%	59.50	1.16	133,000	404,800	292,500	149,200	-	-	-	404,800	-	404,800	-	-	12,281	7,993
24	Nanjing North Star CIFI Park Mansion • Jin Ling	Nanjing, Jiangsu	Residence	Completed	51%	29.76	0.73	25,300	105,000	70,700	36,100	-	-	-	105,000	-	-	-	105,000	157	-
25	Suzhou North Star CIFI No. 1 Courtyard	Suzhou, Jiangsu	Residence and commercial	Completed	50%	28.78	0.45	178,700	272,400	180,500	90,300	-	-	-	272,400	-	-	-	272,400	2,464	-
26	Suzhou Guanlan Mansion	Suzhou, Jiangsu	Residence and commercial	Under Construction	100%	58.82	2.27	170,000	392,900	268,800	-	-	-	-	392,900	-	392,900	-	-	36,319	11,922
27	Wuxi Tianyi Jinzhu	Wuxi, Jiangsu	Residence	Under Construction	49%	28.60	0.44	88,000	255,400	196,000	96,000	-	-	-	255,400	-	255,400	-	-	66,727	48,679
28	Wuxi Times City	Wuxi, Jiangsu	Residence	Under Construction	40%	46.79	0.92	137,900	532,600	413,800	165,500	-	-	-	532,600	-	532,600	-	-	152,802	84,881
29	Chengdu North Star • Lankeas Southern Gate Green Shire	Chengdu, Sichuan	Residence and commercial	Under Construction	40%	20.04	0.33	63,600	236,900	158,600	63,400	-	-	-	236,900	-	84,100	-	152,700	2,475	242
30	Chengdu North Star • Xianglu	Chengdu, Sichuan	Residence and commercial	Under Construction	100%	14.71	1.12	40,400	150,800	96,900	-	-	-	-	150,800	-	150,800	-	-	21,168	18,933
31	Chengdu North Star • South Lake Xianglu	Chengdu, Sichuan	Residence	Under Construction	100%	29.16	1.21	88,000	299,100	210,000	-	-	-	-	299,100	-	299,100	-	-	18,280	3,790
32	Chengdu North Star Royal Palace	Chengdu, Sichuan	Residence and commercial	Commenced	100%	15.26	1.48	26,600	120,000	79,800	-	-	-	-	120,000	-	120,000	-	-	79,532	3,282
33	Chengdu Xiehe Project	Chengdu, Sichuan	Residence and commercial	In the pipeline	100%	26.51	0.53	80,100	225,900	160,300	-	225,900	-	-	-	-	-	-	-	-	-
34	Sichuan Guosongfu	Meishan, Sichuan	Residence and commercial	Commenced	100%	27.18	1.47	129,800	339,000	233,800	-	139,800	-	-	199,200	-	199,200	-	-	71,849	691
35	Langfang North Star Xianglu	Langfang, Hebei	Residence and commercial	Under Construction	100%	25.73	0.88	140,700	419,200	296,800	-	141,100	-	-	278,100	-	278,100	-	-	47,832	16,572
36	Langfang Lot 2018-4 Project	Langfang, Hebei	Residence	In the pipeline	100%	25.31	0.84	82,500	241,600	164,800	-	241,600	-	-	-	-	-	-	-	-	-
37	Hefei North Star CIFI Park	Hefei, Anhui	Residence and commercial	Under Construction	50%	42.14	1.54	141,700	355,700	239,000	119,500	-	-	-	355,700	-	198,400	43,400	202,700	37,474	5,825
38	Chongqing Yuelai No. 1	Yubei, Chongqing	Residence and commercial	Under Construction	100%	100.66	3.93	429,100	1,274,000	918,000	-	685,500	-	-	588,500	-	588,500	-	-	91,638	71,899
39	Chongqing North Star Central Park ▲	Yubei, Chongqing	Residence	In the pipeline	100%	22.42	11.32	68,200	147,000	102,200	-	147,000	-	-	-	-	-	-	-	-	-
40	Haikou West Coast Project	Haikou, Hainan	Residence and commercial	Under Construction	100%	45.47	1.48	106,800	263,400	206,000	-	149,300	-	-	114,100	-	114,100	-	-	-	-
41	Guangzhou Zengcheng Project ▲	Guangzhou, Guangdong	Residence and commercial	In the pipeline	100%	36.61	9.86	25,900	117,700	77,800	-	117,700	-	-	-	-	-	-	-	-	-
Total						1,602.65	156.26	4,934,500	17,013,100	12,301,800	1,936,300	3,866,100	446,000	496,300	13,147,000	6,406,300	7,238,900	496,300	-	1,725,121	677,741

Notes:

1. “▲” represents newly added real estate projects for reserve purpose during the Reporting Period.
2. Wuhan Blue City was delivered with refined decoration and only passed completion acceptance in an undecorated state as at 30 June 2019.
3. Total investment represents the estimated total investment amounts for each project.
4. 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.
5. 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.
6. Land area held for development represents the gross construction area of undeveloped portion of project land.
7. During the Reporting Period, total land reserve of the Company was 7,933,400 square meters; equity land reserve was 7,155,700 square meters and the newly added real estate reserve was 264,700 square meters;

new construction area was 446,000 square meters; area for new and resumed construction was 7,239,000 square meters, representing a year-on-year increase of 7.37%; the completed area was 496,300 square meters, representing a year-on-year decrease of 26.10%;

sales area was 677,700 square meters, representing a year-on-year decrease of 22.10%; sales amount was RMB10,035,000,000, representing a year-on-year decrease of 31.97%; settlement area was 484,200 square meters, representing a year-on-year increase of 83.35%; the settlement amount was RMB7,195,000,000, representing a year-on-year increase of 73.42%.

2. Investment Properties (Including Hotels)

Insisted on the development strategy of synergistic progress in asset-heavy investment business and asset-light service business, the Company solidified the linked development landscape of various businesses in the function area of North Star Exhibition Group, stepped up the outstretch of exhibition industry chain, and scouted for effective approaches to bolster up innovative businesses, resulting in increase in economic returns and social benefits of assets. In the first half of 2019, the Company recorded an operating revenue from investment properties (including hotels) of RMB1,310,116,000, representing a year-on-year increase of 2.80%. Profit before tax amounted to RMB423,914,000. The valuation surplus of the segment for this period was RMB101,782,000, representing an increase of 46.06% as compared with the same period last year.

Further enhanced brand influence of North Star Events. During the Reporting Period, North Star Events Group continued to provide prime quality services and logistics for the second session of the “Belt and Road Initiative” Summit, the Beijing International Horticultural Exhibition, Conference on Dialogue of Asian Civilizations, the sixth CIFTIS and other major events, and was widely acknowledged by the organizing departments and well received by the participants at home and abroad therefor, which demonstrated that North Star Events Group has stepped up towards professional, international and high-end high quality development and exerted continuously enhanced influence inside and outside the industry.

Optimizing and consolidating the held-for-sale asset-heavy business. Leveraging the geographic advantage of the concentration of a large number of properties with core value in the Asian-Olympic core district, the Company took the convention and exhibition as a lead to drive synergetic development of office building, hotel and apartment businesses. In particular, for the National Convention Centre and the Beijing International Convention Centre, emphasis was placed on the potential demands in the international conference market. In this regard, the Company continued to intensify its efforts to enhance its expansion efforts to strengthen the economy of convention and exhibition and optimize derivative services, resulting in improvement in both market share and comprehensive income. For the office building business, the Company, by continuing its strategy of synergic marketing for multiple projects, highlighted the office and living experience, supplemented the supporting facilities and advanced intelligent management based on its consistent customer needs-oriented principle, thus achieving a relative high occupancy rate and rent level within the region. For the hotel and apartment businesses, in active response to the market changes, the Company rolled out a series of marketing initiatives as represented by characteristic catering, themed activities and parent-offspring room to cultivate new growth drivers through intensive cooperation with online tourist platforms and TV media. As a result, both the room rate and occupancy rate of our hotels and apartments outperformed the market.

Innovative development of asset-light service business. Leveraging the telling brand influence of North Star Events, the Company continued to boost the stretch of its convention and exhibition business from conference support services to all sectors of the whole industry chain such as entrusted management of convention venues, consultations, sponsoring and undertaking of conferences and exhibitions, prospective study on convention and exhibition, etc., thus giving rise to scaled development momentum in business expansion.

In terms of devotions to the operation and management of convention and exhibition venues as well as hotel branding, the Company has formed a strategic layout featuring business presence in numerous cities across the country, which further cemented its say in the industry. During the Reporting Period, North Star Events Group successfully entered into contracts in respect of entrusted management for two convention and exhibition venue projects, namely Fuzhou Digital China Convention & Exhibition Centre and Chongli International Convention & Exhibition Center, entrusted management for three hotel projects including Wuhan China Communications City North Star V-Continent Crown Hotel (武漢中交城北辰五洲皇冠酒店), Zhuhai North Star V-Continent Crown Hotel (珠海北辰五洲皇冠酒店) and Xiangxue V-Continent Crown Hotel Guangzhou (廣州香雪五洲皇冠酒店), and consultation for 6 projects located in Shenzhen, Zhengzhou and other first-tier and second-tier key convention and exhibition cities. As at the end of the Reporting Period, North Star Events Group established presence in 23 cities across the country, and had a total of 13 contracted convention and exhibition venues under entrusted management covering a total floor area of 3.04 million square meters and 18 contracted hotels under entrusted management. North Star Events has become the convention and exhibition business that runs the largest number of convention and exhibition venues, is the largest in terms of overall scale and is capable of undertaking the finest convention and exhibition in China. Outstanding achievements were made in respect of the convention hosting and undertaking businesses. During the Reporting Period, North Star Events Group successfully hosted the “Beijing Asia-Europe Logistics Cooperation Forum. In terms of the convention and exhibition research and development business, North Star Events aligned itself with the positioning as the “government think tank and industry intelligence” and took initiative to strive for propagation of the convention and exhibition research in multiple fields, including conducting research on municipal-level convention and exhibition platform composing governmental reports, releasing the “China Convention & Exhibition Research” magazine and the “Report on China’s Exhibition Index”, carrying out university-enterprise cooperative trainings, etc. As for the Internet + business represented by Internet + Convention and Exhibition and North Star Intelligent Community, information-based construction has been enhanced on a continuous basis and application of video conference system in the venues was frequented progressively.

Table 3: 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 of (attributable to) the Company
1	No. 7 Tian Chen Dong Road, Chao Yang District, Beijing	National Convention Centre	Convention and exhibition	270,800	33,379	100%
2	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Beijing International Convention Centre	Convention and exhibition	58,000	6,640	100%
3	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Bin Offices	Office building	37,800	3,841	100%
4	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Xin Offices	Office building	40,900	2,879	100%
5	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	North Star Times Tower	Office building	131,300	9,409	100%
6	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	North Star Century Center	Office building	149,800	16,942	100%
7	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Zhen Building Property	Office building	8,400	872	100%
8	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Beijing Continental Grand Hotel	Hotel	42,000	7,323	100%
9	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	National Convention Centre Hotel	Hotel	42,900	4,885	100%
10	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	V-Continent Beijing Parkview Wuzhou Hotel	Hotel	60,200	6,934	100%
11	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	Intercontinental Beijing North Star Hotel	Hotel	60,000	8,131	100%
12	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Intercontinental Changsha	Hotel	79,200	9,542	100%
13	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Yuan Apartment	Apartment	184,300	12,848	100%
14	A13 Beiyuan Road, Chao Yang District, Beijing	B5 Commercial Area of North Star Green Garden	Commercial	49,700	1,684	100%

Note:

1. The B5 Commercial Area of North Star Green Garden has been leased to Beijing Shopin Retail Development Co., Ltd. (北京市上品商業發展有限責任公司) since August 2016.
2. Construction area of the real estate leased represents the total construction area of the project.
3. The rental income of real estate leased is the operating income of the projects.
4. Construction area and operating revenue of North Star Times Tower have included the construction area and operating revenue of the Xinchenli Shopping Centre commercial project.
5. The land parcels on which the aforesaid properties numbered 2, 3, 7, 8, 10 and 13 erect were obtained from BNSIGC by leasing. The rental for the first half of 2019 was RMB7,100,000, which would be subject to adjustment in the coming years.

Chart 1: Distribution of entrusted management projects of the Company in the first half of 2019



Table 4: Breakdown of entrusted management projects of the Company in the first half of 2019

Convention center projects No. under entrusted management		Hotel projects under entrusted management
1	Zhuhai International Convention & Exhibition Center	V-Continent Nyingchi Hotel
2	Beijing Yanqi Lake International Convention & Exhibition Center	North Star V-Continent Huidong Executive Apartment
3	Nanchang Greenland International Expo Center	Jiangxi Hongwei Continental Crown Hotel
4	Lianyungang Land Bridge International Convention Center and ancillary hotels	Zhangjiakou Continental Crown Hotel
5	Hangzhou International Expo Center	North Star V-Continent Datong Executive Apartment
6	Ningxia International Hall	North Star V-Continent Yinfeng Hotel
7	Taizhou China Medical City Exhibition Center	North Star V-Continent Anshun Garden-style Hotel
8	Qingdao International Convention Center	North Star V-Continent Chifeng Hotel
9	Shijiazhuang International Convention & Exhibition Center	North Star V-Continent Wanquan Hotel

Convention center projects No. under entrusted management	Hotel projects under entrusted management
10 Deqing International Convention Center	North Star V-Continent Huai'an Garden-style Hotel
11 Nantong International Convention & Exhibition Center and ancillary hotels	Nanjing Wangyudao North Star V-Continent Garden-style Hotel
12 Fuzhou Digital China Convention & Exhibition Center	Hangzhou International Expo Center Hotel
13 Chongli International Convention & Exhibition Center and ancillary hotels	Nanchang Greenland Continental Crown Hotel
14	Land Bridge Crown Business Hotel
15	Nantong Kechuang Center Hotel
16	Wuhan China Communications City
	North Star V-Continent Crown Hotel (武漢中交城北辰五洲皇冠酒店)
17	Zhuhai North Star V-Continent Crown Hotel (珠海北辰五洲皇冠酒店)
18	Xiangxue V-Continent Crown Hotel Guangzhou (廣州香雪五洲皇冠酒店)

3. Nurturing Business

In terms of health and elderly care, after the opening and operation of North Star ORPEA International Elderly Nursing Center (北辰歐葆庭國際頤養中心) in Changsha, the Company's first health and elderly care project, the Company carried out overall summary and appraisal over the project on a regular basis to accumulate operation and management experience constantly and foster the North Star elderly care service brand stepwise, which provided practical ground for the multi-point expansion of the Company's elderly care business. In respect of cultural creativity, the Company kept a close eye on the business development trend, made thorough analysis on the development status quo of the business, and proactively experimented on such innovative development modes as cultural performances, cultural creativity parks and industrial complex of cultural creativity in an effort to achieve the organic integration and synergic development of cultural creativity and the existing properties of the Company.

4. Financing Work

Against the backdrop of enhanced financial regulation, de-leveraging and de-channel credit tightening, the Company accelerated the collection of project development receivables on the one hand, and adopted diversified financing approaches including the “headquarters financing” to adjust its liability composition on the other hand. During the Reporting Period, the Company successfully issued the non-public corporate bonds (the first tranche) in an amount of RMB1.2 billion and the 2019 first tranche mid-term notes in an amount of RMB1.0 billion.

Table 5: Financing of the Company during the Reporting Period

Unit: 0'000 Currency: RMB

Total financing amount for the period	Overall average financing cost (%)	Interest capitalised
3,007,993	6.07	87,151

III. INDUSTRY LANDSCAPE AND TREND

In the second half of 2019, the Chinese government will, based on its main task of the supply-side structural reform, carry on with the new development philosophy, work for high-quality development, continue to deepen market-orientated reforms and expand high-standard opening up, and work faster to modernize the economy. It will also make coordinated efforts to maintain stable growth, advance reform, make structural adjustments, improve living standards, guard against risks, and ensure stability with the view to boosting sustainable and healthy development of economy.

As for development properties, in the second half of 2019, the general positioning of “housing properties for accommodation, not speculation” will continue to prevail in China and the real estate business will not be used as a short-term stimulus to the economy. In the medium and long term, China will reform and improve the housing market system and housing guarantee system, implement a long-effecting real estate management mechanism, and establish a comprehensive set of policies progressively, including policies on finance, land, taxes, housing security, market management, etc., to ensure that the policies are effective and stable, thereby building a sound environment for the long-term development of the real estate industry.

As for investment properties (including hotels), following the continuous progress of the opening-up in China and further implementation of the great power diplomacy with Chinese characteristics and the “One Belt, One Road” cooperation initiative, the convention and exhibition industry in China will be provided with broader space for development and new opportunities, which will in turn drive the development of relevant industries such as hotels and catering. The Notice on Rolling Out Development Pilots of Housing Rental Market with Central Financing (《關於開展中央財政支持住房租賃市場發展試點的通知》) promulgated by the Ministry of Finance and the Ministry of Housing and Urban-Rural Development has created favorable policy atmosphere in store for the development of apartment market.

IV. DEVELOPMENT STRATEGY OF THE COMPANY

The Company will seize the opportunities for development, orient itself towards “operation with light asset, support by new economy, expansion at low cost and development of high-end service industry”, speed up the real estate development and maintain stable operation of the convention and exhibition business. On top of these, it will continue to pursue innovation-driven development and high quality development, promote operational improvement of its existing businesses and the advancement of its newly-developed business, and expedite the pace of building the Company into a first-class composite real estate brand enterprise and the most influential exhibition brand enterprise in the PRC.

1. Development Properties

In respect of development strategies, the Company will continue to cement its positions in the first-tier and second-tier cities as well as popular core metropolitan areas, and give due weight to such economically advanced regions with robust purchasing power as Yangtze River Delta, the Greater Bay Area and Beijing-Tianjin-Hebei area. It will obtain land resources in a scientific and prudent manner through bid, auction and listing, acquisition and joint development in the aforesaid areas. In terms of project operation, in addition to stepping up the project development pace and scaling up the cash recovery proportion, the Company will also reinforce standardized construction and information-based construction and strengthen risk management and control with the view to safeguarding the sustainable development of the Company. As for innovation in the development model, the Company will spark the advantages of each business, enhance the pooled effects of all lines and provide new driving force to the business development of the Company through organic integration and interaction of real estate, convention and exhibition, health and elderly care, cultural creativity and other business lines.

In the second half of 2019, it is expected that the new construction area is 1,510,000 square meters, the equity area for new construction projects is 1,350,000 square meters, the resumed construction area is 8,380,000 square meters and the completed area is 1,960,000 square meters. The Company strives to realize sales area of 920,000 square meters and contracted sales amount of RMB15,300 million (including parking spaces).

2. Investment Properties (Including Hotels)

The Company will, on the basis of maintaining its brand-based, market-oriented, professional and standardized development, exert the influence of North Star Events branding to level up the capability of integrating convention and exhibition resources continuously and work out the whole convention and exhibition industry chain layout covering hosting and undertaking of exhibitions, entrusted management of convention and exhibition venues, researches on convention and exhibition, etc., at a higher rate, thereby cementing the foundation for establishing the most influential brand enterprise of convention and exhibition in China.

3. Nurturing Business

In terms of health and elderly care, the Company will, by virtue of its service and management experience gained from the existing elderly care projects, develop a complete set of elderly care system and standard progressively, and make tentative efforts to introduce elderly care projects to communities and in turn to facilitate the expansion of the Company's principal business of real estate development. As for cultural creativity, the Company will cater to the development tendency of "cultural creativity +", and take full advantage of the integrative, flexible and high value added features of cultural creativity business to make for the interactive integration of cultural creativity and the Company's existing properties and form an integrated development landscape.

4. Financing and Capital Expenditure

The Company will, in light of the financing status of the capital market, give the rein to the advantageous "headquarters financing" mode to expand diversified financing channels for the real estate business. The Company will continue to optimize its debt and equity financing portfolio and resort to financing approaches such as asset securitization and perpetual mid-term notes when appropriate so as to boost the scaled development of the Company's real estate business.

In the second half of 2019, the Company's investment in fixed assets is expected to be RMB120 million, which will be paid according to project progress and funded by internal resources.

V. POTENTIAL RISKS FACED BY THE COMPANY

1. Policy Risks in Development Properties

As the development of real estate industry is closely related to national policy directions, any significant adjustment to policies may pose certain risks to real estate companies regarding aspects such as land acquisition, project development and construction, sales and receivables collection, and financing.

In response to the aforesaid risks, the Company will conduct further analysis, improve the responsiveness to the policies and place equal importance on risk management and control during the fast development of real estate business, so as to minimize the risk of project development and sales resulting from policy uncertainty. Meanwhile, it will continuously optimize the direction of business development to make for the rapid turnover of projects based on policy directions in compliance with the market trends.

2. Market Risks

The differentiation in real estate market continues to sustain and competition for popular cities and certain prime land parcels among real estate enterprises has become increasingly fierce, and the profit margin of enterprises is likely to be narrowed by the increase of costs, which will impose risks on enterprises in operation and sale, land reserve, finance and capital as well as operation stability.

In response to the aforesaid risks, the Company will pay close attention to the development trend of the market, strengthen the evaluation on the newly entered cities, and select relatively developed cities and regions in which market is mature with favorable investment atmosphere, a large amount of net population inflow and a relatively rational housing-price-to-income ratio. At the same time, the Company will continue to strengthen professional management and deepen systemic construction, so as to shorten the development cycle and speed up the turnover of its projects, improve the cash recovery rate and avoid market risks.

3. Short-term Risks of Talent Reserve of the Company

As the Company has continuously strengthened its national business layout for real estate development in recent years, rapid increase was witnessed in entrusted hotel or exhibition management projects and reception projects in regard of state-level high-end governmental affairs, which has led to soaring demands for all kinds of talents, especially people with expertise and senior management personnel, hence the Company may be exposed to the risk of talent shortage in the near future.

In response to the aforesaid risks, the Company organized internal trainings for directors, supervisors and senior management, medium management and professional and technical staff to enhance the professional competency of talents from corporate culture, management concept, professional skills and other aspects. It will also establish cross-training platforms among enterprises to actively cultivate talents, and speed up the expansion of talent reserve. Meanwhile, the Company will exert greater efforts on recruitment of talents especially fresh graduates with bachelor degrees or above so as to have necessary talent pool in store for the sustainable development of the Company.

DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE

Financial Resources and Liquidity

As at 30 June 2019, the equity attributable to ordinary shareholders of the Company increased by 5.84% compared with 31 December 2018. The increase was primarily attributable to additional profit attributable to the ordinary shareholders of the Company of RMB1,342,333,000 during the Period.

The Group's bank and other borrowings (excluding bonds) as at 30 June 2019 amounted to RMB24,134,519,000. During the Period, net values of the Group's 5-year corporate bonds, 7-year corporate bonds and 5-year medium term notes were RMB2,145,089,000, RMB1,493,839,000 and RMB1,313,481,000, respectively; and the net value of financing through securitization of property assets amounted to RMB993,000,000.

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 RMB86,155,997,000, whereas the current liabilities amounted to RMB50,951,504,000. As at 30 June 2019, the balance of cash at bank and on hand amounted to RMB11,964,707,000 (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 2019, the Group had secured borrowings from banks and other financial institutions of RMB18,336,519.000 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 76% as at the end of the Reporting Period (31 December 2018: 77%).

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 2019, the outstanding amount of financial guarantees provided in phases was RMB18,470,742,000 (31 December 2018: RMB19,118,450,000).

SHARE CAPITAL AND SHAREHOLDERS

Share Capital

The Company's registered capital as at 30 June 2019 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 2019, 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 (“BNSIGC”)	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 2019.

INTERESTS OF DIRECTORS AND SUPERVISORS OF THE COMPANY

As at 30 June 2019, 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 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 2019.

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 2019 have been reviewed by the Audit Committee and the Board. The Audit Committee comprises three independent non-executive directors of the Company, namely, Mr. FU Yiu-Man, Mr. DONG An-Sheng and Mr. WU Ge.

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 2019, 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 2019, the Company had 5,207 employees. Adjustments of employees' remuneration will be made according to the Company's results and profitability and are determined by assessing the correlation between the total salary paid to employees and the economic efficiency of the Company. The policy contributes to the management of the Company's remuneration expenses while employees will be motivated to work hard for good results and development of the Company. Save for the remuneration policies disclosed above, the Company does not maintain any share option scheme for its employees and the employees do not enjoy bonus. The Company regularly provides administrative personnel with trainings on various subjects, including operation management, foreign languages, computer skills, industry know-how and policies and laws, in different forms, such as seminars, site visits and study tours.

STAFF QUARTERS

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

PUBLICATION OF INTERIM REPORT

The Company's 2019 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 2019 interim report, signed by the Chairman, will be available for inspection at the Secretariat 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
HE Jiang-Chuan
Chairman

Beijing, the PRC
21 August 2019

As at the date of this announcement, the Board comprises nine Directors, of which Mr. HE Jiang-Chuan, Mr. LI Wei-Dong, Ms. LI Yun, Mr. CHEN De-Qi, Ms. ZHANG Wen-Lei and Mr. GUO Chuan are executive Directors and Mr. FU Yiu-Man, Mr. DONG An-Sheng and Mr. WU Ge are independent non-executive Directors.