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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)

2020 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 2020 (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 2020 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 RMB3,348,745,000, representing a decrease of 60.83% over the same period of the previous year. Operating profit was RMB584,223,000, representing a decrease of 81.02% over the same period last year. Profit attributable to the ordinary shareholders of the Company was RMB3,137,000, representing a decrease of 99.77% over the same period last year. Among others, the after-tax core operating results of the Company's principal business (excluding losses arising from the changes in fair value) were RMB125,116,000, representing a decrease of 90.12% over the same period last year. Profit attributable to the owners of the Company was RMB235,160,000 (excluding losses arising from the changes in fair value), representing a decrease of 82.61% over the same period last year. During the Period, the losses (after taxation) on changes in fair value of investment properties was RMB121,979,000.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited	
		Six months ended 30 June	
	<i>Note</i>	2020	2019
		RMB'000	RMB'000
Continuing operation			
Revenue	2	3,348,745	8,548,956
Cost of sales		(2,152,863)	(4,995,623)
Gross profit		1,195,882	3,553,333
Selling and marketing expenses		(128,529)	(193,337)
Administrative expenses		(381,444)	(391,983)
Fair value (losses)/gains on investment properties	3	(162,639)	101,782
Net reversal of/(provision for) impairment losses on financial assets	3	3,166	(1,805)
Other income		6,553	2,167
Other gains – net		51,234	7,580
Operating profit		584,223	3,077,737
Finance income	4	40,709	46,515
Finance expenses	4	(205,811)	(248,271)
Finance expenses – net	4	(165,102)	(201,756)
Share of net profit of investments accounted for using the equity method		60,267	33,897
Profit before income tax	2	479,388	2,909,878
Income tax expenses	5	(355,743)	(1,319,880)
Profit from continuing operations		123,645	1,589,998
Loss from discontinued operation (attributable to ordinary shareholders of the Company)		(612)	(392)
Profit for the Period		123,033	1,589,606

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (CONTINUED)

		Unaudited	
		Six months ended 30 June	
	Note	2020	2019
		RMB'000	RMB'000
Attributable to:			
Ordinary shareholders of the Company		3,137	1,342,333
Holders of perpetual bond		110,044	86,430
Non-controlling interests		9,852	160,843
		<u>123,033</u>	<u>1,589,606</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	6	0.11	39.88
From discontinued operations	6	(0.02)	(0.01)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Profit for the Period	123,033	1,589,606
Other comprehensive income		
<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	123,033	1,796,121
Attributable to:		
Ordinary shareholders of the Company	3,137	1,548,848
Holders of perpetual bond	110,044	86,430
Non-controlling interests	9,852	160,843
	123,033	1,796,121
Total comprehensive income for the Period attributable to ordinary shareholders of the Company arises from:		
Continuing operations	3,749	1,549,240
Discontinued operations	(612)	(392)
	3,137	1,548,848

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Right-of-use assets		320,467	333,799
Investment properties		14,858,834	15,025,176
Property, plant and equipment		2,080,657	2,125,927
Investments accounted for using the equity method		598,405	463,981
Deferred income tax assets		1,353,239	1,340,213
Other receivables and prepayments	8	373,350	299,963
		<u>19,584,952</u>	<u>19,589,059</u>
Current assets			
Properties under development		55,484,761	55,341,162
Completed properties held for sale		6,785,491	5,342,597
Other inventories		47,002	49,528
Trade and other receivables and prepayments	8	5,945,950	7,304,766
Restricted bank deposits		2,773,198	3,035,938
Cash and cash equivalents		12,556,343	11,775,741
		<u>83,592,745</u>	<u>82,849,732</u>
Total assets		<u>103,177,697</u>	<u>102,438,791</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

		Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000
	Note		
LIABILITIES			
Non-current liabilities			
Long-term borrowings		22,554,535	22,046,678
Loans from other parties	9	2,336,522	1,434,826
Employee termination benefit obligations		115,082	125,671
Deferred income tax liabilities		2,135,352	2,156,777
Lease liabilities		27,615	31,483
Deferred income		1,943	1,943
		<u>27,171,049</u>	<u>25,797,378</u>
Current liabilities			
Trade and other payables	9	10,200,506	10,599,741
Loans/advances from other parties	9	5,031,663	4,524,262
Contract liabilities		25,274,492	24,287,096
Current income tax liabilities		2,536,470	3,028,096
Lease liabilities		20,250	25,744
Current portion of long term borrowings		6,092,748	6,738,185
Short term borrowings		800,000	900,000
		<u>49,956,129</u>	<u>50,103,124</u>
Total liabilities		<u><u>77,127,178</u></u>	<u><u>75,900,502</u></u>
Net assets		<u><u>26,050,519</u></u>	<u><u>26,538,289</u></u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Unaudited	Audited
	30 June	31 December
<i>Note</i>	2020	2019
	RMB'000	RMB'000
EQUITY		
Share capital	3,367,020	3,367,020
Other reserves	4,777,354	4,773,482
Retained earnings	12,565,595	13,067,511
	<hr/>	<hr/>
Capital and reserves attributable to		
ordinary shareholders of the Company	20,709,969	21,208,013
Perpetual bond	2,596,894	2,630,380
Non-controlling interests	2,743,656	2,699,896
	<hr/>	<hr/>
Total equity	26,050,519	26,538,289
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NOTES:

1. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2020 (the “interim financial information”) has been prepared in accordance with HKAS 34 ‘Interim financial reporting’. The condensed consolidated interim financial information should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2019 and any public announcements made by the Company during the interim Reporting Period.

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

The accounting policies adopted are consistent with those of the Group’s annual financial statements for the year ended 31 December 2019, 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

Below new and amended standards and interpretations became effective for annual reporting periods commencing on or after 1 January 2020 and adopted by the Group for the first time in 2020 interim condensed consolidated financial information:

- Definition of Material – amendments to HKAS 1 and HKAS 8
- Definition of a Business – amendments to Hong Kong Financial Reporting Standards (“**HKFRS**”) 3
- Revised Conceptual Framework for Financial Reporting, and
- Interest Rate Benchmark Reform – amendments to HKFRS 9, HKAS 39 and HKFRS 7

The amended standards listed above did not have any significant impact on the Group’s accounting policies and did not require retrospective adjustments. The Group has not early adopted any other new or amended standards and annual improvements that are not yet effective for the current accounting period.

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 apartments, office buildings, conference centers, and hotels.

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

The Board assesses the performance of the operating segments based on a measure of adjusted profit before income tax based on assumptions that investment properties are measured at cost less accumulated depreciation. This measurement basis mainly excludes the loss from discontinued segment, 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 this condensed consolidated interim financial information.

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 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 sales from developed properties and revenue generated from the operation of investment properties and hotels. Revenues recognised during the six months ended 30 June 2020 and 2019 are as follows:

	Unaudited	
	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue		
Properties development segment	2,644,166	7,195,212
Investment properties and hotels segment	660,396	1,310,116
	3,304,562	8,505,328
Other segments	44,183	43,628
	3,348,745	8,548,956

2. SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 June 2020 and 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
For the six months ended 30 June 2020		
Properties development segments	2,257,424	386,742
Investment properties and hotels segments*	51,937	42,903
Other segments	11,177	33,006
	<u>2,320,538</u>	<u>462,651</u>
	At a point in time	Over time
For the six months ended 30 June 2019		
Properties development segments	6,940,959	254,253
Investment properties and hotels segments*	172,787	192,597
Other segments	13,404	30,224
	<u>7,127,150</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. For the six months ended 30 June 2020, rental income from investment properties amounted to RMB565,556,000 (for the six months ended 30 June 2019: RMB944,732,000).

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

2. SEGMENT INFORMATION (CONTINUED)

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.

The segment information provided to the Board for the reportable segments for the six months ended 30 June 2020 and 2019 is as follows:

Business segment	Properties development <i>RMB'000</i>	Investment properties and hotels <i>RMB'000</i>	Other segments <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 30 June 2020 (Unaudited)				
Total segment revenues	2,644,166	680,611	67,912	3,392,689
Inter-segment revenues	–	(20,215)	(23,729)	(43,944)
Revenues from external customers	2,644,166	660,396	44,183	3,348,745
Adjusted profit/(loss) before income tax	516,992	8,687	(37,933)	487,746
Six months ended 30 June 2019 (Unaudited)				
Total segment revenues	7,195,212	1,343,410	63,676	8,602,298
Inter-segment revenues	–	(33,294)	(20,048)	(53,342)
Revenues from external customers	7,195,212	1,310,116	43,628	8,548,956
Adjusted profit/(loss) before income tax	1,841,788	423,914	(12,345)	2,253,357

2. SEGMENT INFORMATION (CONTINUED)

The segment information as at 30 June 2020 and 31 December 2019 is as follows:

Business segment	Properties development <i>RMB'000</i>	Investment properties and hotels <i>RMB'000</i>	Other segments <i>RMB'000</i>	Total <i>RMB'000</i>
As at 30 June 2020 (Unaudited)				
Total segments' assets	76,917,799	7,215,501	109,306	84,242,606
Total segments' assets include:				
Investments accounted for using the equity method	598,405	–	–	598,405
Additions to non-current assets (other than deferred income tax assets)	4,749	29,908	7,867	42,524
Total segments' liabilities	66,561,332	1,237,788	112,567	67,911,687
Contract liabilities	25,144,307	122,545	7,640	25,274,492
As at 31 December 2019 (Audited)				
Total segments' assets	78,568,330	7,297,195	83,582	85,949,107
Total segments' assets include:				
Investments accounted for using the equity method	463,981	–	–	463,981
Additions to non-current assets (other than deferred income tax assets)	49,809	133,359	5,528	188,696
Total segments' liabilities	65,213,870	1,317,491	104,744	66,636,105
Contract liabilities	24,145,579	133,303	8,214	24,287,096

2. SEGMENT INFORMATION (CONTINUED)

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 centralised treasury function.

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

	Unaudited	
	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
<i>Revenue recognised that was included in the contract liability balance at the beginning of the Period</i>		
Development properties	2,280,773	2,558,401
Investment properties and hotels	30,293	64,870
All other segments	48,114	30,173
	2,359,180	2,653,444

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	
	2020	2019
	RMB'000	RMB'000
Profit before income tax for reportable segments	487,746	2,253,357
Corporate overheads	(51,636)	(89,118)
Corporate finance expenses	(157,252)	(228,475)
Corporate finance income	5,170	13,302
Other income	6,553	1,799
Other gains	3,201	—
Fair value (losses)/gains on investment properties	(162,639)	101,782
Reversal of depreciation of investment properties	76,936	90,269
Land appreciation tax	271,309	766,962
Profit before income tax	479,388	2,909,878

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

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2020	2019
	RMB'000	RMB'000
Total segments' assets	84,242,606	85,949,107
Deferred income tax assets at corporate level	800,064	818,673
Corporate cash	9,446,227	7,034,814
Accumulated fair value gains on investment properties	6,058,185	6,220,824
Reversal of accumulated depreciation of investment properties	2,483,226	2,406,290
Assets of discontinued segment	8,583	9,083
Corporate investment in a joint venture and corporate loan advanced to an associate	108,130	—
Other corporate non-current assets	12,000	—
Other corporate current assets	18,676	—
Total assets per balance sheet	103,177,697	102,438,791

2. SEGMENT INFORMATION (CONTINUED)

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

	Unaudited As at 30 June 2020 RMB'000	Audited As at 31 December 2019 RMB'000
Total segments' liabilities	67,911,687	66,636,105
Deferred income tax liabilities at corporate level	2,135,352	2,156,777
Corporate borrowings	5,294,799	6,372,133
Other corporate liabilities	1,772,479	721,516
Liabilities of discontinued segment	12,861	13,971
Total liabilities per balance sheet	<u>77,127,178</u>	<u>75,900,502</u>

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 2020 and 2019 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 2020 and 31 December 2019, 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 2020 and 2019.

3. OPERATING PROFIT

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

	Unaudited	
	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Fair value (losses)/gains on investment properties charged to profit or loss	(162,639)	101,782
Provision of impairment for properties under development and completed properties held for sale	(85,919)	–
Net reversal of/(provision for) impairment losses on financial assets	3,166	(1,805)
Gain on disposal of a subsidiary	45,811	–
Loss on disposal of property, plant and equipment and investment properties	(2,941)	(1,432)
Government grants	6,628	9,144
Penalty and compensation and others	1,736	(132)
	<u>1,736</u>	<u>(132)</u>

4. FINANCE INCOME AND EXPENSES

	Unaudited	
	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Interest expenses	(1,100,553)	(1,118,333)
Less: amounts capitalised in properties under development at a capitalisation rate of 6.25% (2019: 6.14%) per annum	896,628	871,508
Finance expenses	(203,925)	(246,825)
Bank charges and others	(1,886)	(1,446)
	(205,811)	(248,271)
Finance income		
– Interest income	40,709	46,515
Net finance expenses	<u>(165,102)</u>	<u>(201,756)</u>

5. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits in Hong Kong for the six months ended 30 June 2020 and 2019. 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 2020 and 2019 was 25%.

	Unaudited	
	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Current income tax		
– PRC enterprise income tax	141,860	744,226
– PRC land appreciation tax	271,309	766,962
Deferred income tax credit	(57,426)	(191,308)
	355,743	1,319,880

6. EARNINGS PER SHARE

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

Diluted earnings per share is equal to the basic earnings per share since the Company has no potential dilutive ordinary shares during the six months ended 30 June 2020 and 2019.

	Unaudited	
	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Profit attributable to ordinary shareholders of the Company	3,137	1,342,333
Number of ordinary shares in issue (<i>thousands</i>)	3,367,020	3,367,020
Earnings per share (basic and diluted)		
(<i>RMB cents per share</i>)	0.09	39.87
From continuing operations	0.11	39.88
From discontinued operations	(0.02)	(0.01)

7. DIVIDENDS

The final dividend that relates to the year 2019 amounting to RMB505,053,000 was approved at the annual general meeting in June 2020 (final dividend related to the year ended 31 December 2018 of RMB404,042,000 was approved at the annual general meeting in May 2019). Total 2019 final dividend which were paid by the Group to the ordinary shareholders of the Company during the six months ended 30 June 2020 amounted to RMB224,850,000. The remaining 2019 final dividend was paid in full in July 2020.

The Board resolved that no interim dividend will be declared in respect of the six months ended 30 June 2020 (2019: Nil).

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

As at 30 June 2020 and 31 December 2019, the Group's trade and other receivable and prepayments include trade receivables, prepaid tax, receivables due from related parties and non-controlling interests, receivables due from subsidiaries of CIFI Holdings (Group) Co., Ltd ("CIFI"), 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 2020 and 31 December 2019, 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
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables		
0 – 30 days	56,385	26,792
31 – 90 days	858	27,435
Over 90 days	42,173	40,258
	99,416	94,485

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

As at 30 June 2020 and 31 December 2019, the Group's trade and other payables and loans/advances from other parties mainly include trade payables, dividends payable to ordinary shareholders of the Company, accrued interests, amounts due to subsidiaries of CIFI, amounts due to related parties, loans/advances from non-controlling interests, commercial mortgage backed securities issued by a subsidiary of the Company 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
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables		
0 – 180 days	3,079,561	3,210,242
181 – 365 days	744,553	814,286
Over 365 days	2,105,256	2,658,204
	5,929,370	6,682,732

RECONCILIATION OF CONSOLIDATED INTERIM FINANCIAL INFORMATION

The Group has prepared a separate set of consolidated interim financial information for the six months ended 30 June 2020 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 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
	2020	2019	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As stated in accordance with CAS	177,458	1,284,725	16,900,805	17,368,058
Impact of HKFRS adjustments:				
1. Reversal of depreciation of investment properties under CAS	57,702	67,702	1,862,419	1,804,717
2. Fair value adjustment of investment properties under HKFRS	(121,979)	76,336	4,543,639	4,665,618
As stated in accordance with HKFRS (including those attributable to both ordinary shareholders of the Company and holders of perpetual bond)	<u>113,181</u>	<u>1,428,763</u>	<u>23,306,863</u>	<u>23,838,393</u>

MANAGEMENT DISCUSSION AND ANALYSIS

I. REVIEW OF THE OPERATING ENVIRONMENT DURING THE REPORTING PERIOD

In the first half of 2020, the sudden outbreak of COVID-19 pandemic has brought an unprecedented impact on the economic and social development of China and the world. The Chinese government has taken a holistic approach to promote pandemic prevention and control, and seized every opportunity to boost the resumption of work and production. Thus the economic and social operations have gradually returned to normal, and the restoration of order in production and life has been accelerated. The economy of China has shown strong resilience and great potential. The response to the pandemic has spawned and promoted the rapid development of many new industries and new forms of business. In the first half of the year, GDP fell by 1.6% year on year, among which, the first quarter saw a 6.8% decline and the second quarter saw a 3.2% growth. The economy of China is gradually recovering from the impact of the pandemic.

1. Development Properties

In the first half of 2020, the central government adhered to the positioning of “housing properties for accommodation, not speculation”, and the financial supervision of the real estate sector remained strict. In response to the impact of the pandemic, local governments have implemented real estate policies according to the actual situation in different areas to promote the smooth operation of the real estate market on the basis of adhering to “purchase restriction” and “loan restriction”. In general, the transaction scale of commodity housing decreased as compared to the corresponding period last year and the average transaction price increased slightly in the first half of the year. In addition, the scale of residential land transactions decreased slightly, the floor price of transactions increased obviously as compared to the corresponding period last year, and the premium rate decreased slightly. According to the statistics provided by the National Bureau of Statistics (the same applied hereinafter), commodity housing sales area in the real estate market of the PRC in the first half of 2020 was 611,190,000 square meters, representing a decrease of 7.6% as compared to the corresponding period last year, and the average sales price of commodity housing was RMB9,757 per square meter, representing an increase of 5.3% as compared to the corresponding period last year.

In particular, among the first-tier cities, the transaction volume of the commodity housing market in Beijing and Guangzhou decreased significantly as compared with the same period last year, the average transaction price increased slightly, the overall supply exceeded demand, and the inventory rose. The average transaction price of commodity housing in second and third-tier cities increased at different degrees, and the scale of transactions decreased significantly.

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	213	-35.7	951	-31.3	44,559	6.8
Changsha	818	1.3	734	13.3	8,967	11.9
Wuhan	577	-61.9	814	-59.8	14,103	5.5
Hangzhou	662	17.2	1,892	34.4	28,578	14.7
Suzhou	1,082	15.3	1,870	14.6	17,283	-0.6
Ningbo	719	0.1	1,219	8.0	16,963	7.8
Nanjing	526	-1.5	1,217	32.1	23,148	34.2
Hefei	532	-6.5	884	12.4	16,605	20.2
Chengdu	1,227	4.8	1,522	20.1	12,404	14.7
Chongqing	2,111	-21.5	1,788	-21.5	8,469	0.0
Langfang	225	31.6	295	50.4	13,150	14.3
Wuxi	606	6.3	920	21.8	15,168	14.6
Haikou	124	-24.6	210	-18.0	16,942	8.7
Guangzhou	373	-28.1	1,007	-19.8	27,018	11.5
Meishan	299	21.7	243	22.2	8,130	0.4
Yuyao	84	33.4	101	36.7	12,110	2.5

Sources: CREIS China Index Database.

2. Investment Properties (Including Hotels)

Affected by the pandemic, the performance of the investment properties (including hotels) market was under pressure. In particular, due to the cancellation or postponement of many large-scale exhibition activities at home and abroad, the international business and tourism suffered from heavy blow, and the convention and exhibition industry and the hotel industry were under great pressure. The exhibition enterprises actively carried out online business and a series of online conferences and exhibitions arose at an opportune time. As for the office buildings and the apartment market in Beijing, there was lack of impetus for new lease and lease expansion, resulting in escalating vacancy rate.

II. BUSINESS REVIEW DURING THE REPORTING PERIOD

In the first half of 2020, facing the severe challenges brought by the outbreak of the pandemic, the Company coordinated the advance of pandemic prevention and control, strictly controlled cost expenses and adjusted the focus of operation according to the current situation; however, the pandemic still exerted great impact on the overall operating results of the Company. During the Reporting Period, the Company recorded an operating revenue of RMB3,348,745,000, representing a year-on-year decrease of 60.83%. The Company's profit before tax and profit attributable to ordinary shareholders decreased by 83.53% and 99.77% to RMB479,388,000 and RMB3,137,000, respectively. In particular, the after-tax core operating results of the Company's principal business (excluding losses arising from the changes in fair value) were RMB125,116,000, representing a year-on-year decrease of 90.12%. Losses (after tax) arising from the changes in fair value of investment properties for the period were RMB121,979,000. Earnings per share were RMB0.0009.

1. Development Properties

Affected by various factors such as the pandemic, strict policy control, market recession and credit tightening, the demands of house-purchase in the short term was restrained to a certain degree. The overall project construction period of the Company was extended, which resulted in a significant pullback of the signing rate.

In the first half of 2020, due to the impact of the development cycle, the areas to be settled of development properties decreased year-on-year, the operating revenue was RMB2,644,166,000 (including parking spaces), representing a year-on-year decrease of 63.25%, and the profit before tax was RMB516,992,000, representing a year-on-year decrease of 71.93%. During the Reporting Period, the new and resumed construction area of development properties was 7.03 million square meters; the completed area was 0.39 million square meters; and the contracted sales amount and the sales area achieved RMB4.9 billion (including parking spaces) and 0.28 million square meters, respectively.

Facing the severe market situation, the Company took various measures to actively promote operation and work. After the mitigation of the pandemic, the Company timely promoted resumption of work and production in a safe way and meticulously formulated and optimized the development plan in order to minimize the impact on the process of development caused by the pandemic. A plenty of marketing measures were implemented to strengthen the construction of sales team and a rational incentive plan was utilized to swiftly advance the inventory digestion. The Company continued improving the level of customer services and steadfastly promoted the building of brand image. In the first half of 2020, we expanded our land reserve in a science and meticulous way and obtained two new lands, which located in Langfang and Yuyao, Ningbo, respectively. As at the end of the Reporting Period, we managed to expand our business to fifteen cities including Beijing, Changsha, Wuhan, Hangzhou, Chengdu, Nanjing, Suzhou, Hefei, Langfang, Chongqing, Ningbo, Wuxi, Haikou, Meishan and Guangzhou, with a total land reserve of 7.27 million square meters.

Table 2: Real Estate Projects during the Reporting Period

Unit: RMB100 million, square meter

No.	Project name	Location	Operating state	Project status	Project interests	Total investment	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
1	Beijing North Star Xianglu	Haidian, Beijing	Residence	Completed	100%	28.59	-	142,400	312,100	230,000	-	-	-	312,100	-	-	312,100	6,973	-
2	Beijing North Star Red Oak Villa	Changping, Beijing	Villa	Under Construction	100%	34.00	0.43	287,500	213,700	150,000	-	-	-	213,700	40,200	-	173,500	36,131	606
3	Beijing Modern Beichen Yue MOMA	Shunyi, Beijing	Owner occupied commercial housing and housing of two limits	Under Construction	50%	23.47	-	52,800	132,500	109,300	54,700	-	-	132,500	1,400	-	131,100	4,903	-
4	Beijing North Star • Villa 1900	Shunyi, Beijing	Residence	Completed	100%	24.45	-	101,200	213,300	140,000	-	-	-	213,300	-	-	213,300	34,461	-
5	Beijing Jinchen Mansion	Changping, Beijing	Residence	Under Construction	51%	47.48	1.75	86,600	280,100	170,400	86,900	-	-	280,100	280,100	-	-	190,508	21,398
6	Changsha North Star Delta	Changsha, Hunan	Residence, commercial and office building	Under Construction	100%	345.39	7.28	780,000	5,200,000	3,820,000	-	416,700	334,300	4,783,300	873,500	-	3,909,800	146,993	50,540
7	Changsha North Star Central Park	Changsha, Hunan	Residence	Under Construction	51%	24.48	2.38	336,300	927,100	720,000	367,200	-	-	927,100	366,100	-	561,000	59,789	17,880
8	Changsha North Star Shiguangji	Changsha, Hunan	Residence and commercial	Under Construction	100%	13.07	0.45	27,700	145,400	107,900	-	-	-	145,400	145,400	-	-	31,065	20,081
9	Wuhan North Star Contemporary Best+	Wuhan, Hubei	Residence and commercial	Completed	45%	21.00	0.16	104,700	313,300	241,100	108,500	-	-	313,300	-	-	313,300	3,207	-
10	Wuhan North Star Guanggu	Wuhan, Hubei	Commercial Service	Under Construction	51%	17.31	1.12	84,200	492,000	337,000	171,900	134,800	-	357,200	357,200	199,900	199,900	51,482	1,207
11	Wuhan Blue City	Wuhan, Hubei	Residence and commercial	Under Construction	100%	86.63	4.36	358,000	980,100	716,000	-	234,700	-	745,400	508,000	192,500	430,000	46,686	2,793
12	Wuhan Gemdale • North Star • China Chic	Wuhan, Hubei	Residence	Under Construction	51%	12.18	0.71	41,800	178,900	127,000	64,900	-	-	178,900	178,900	-	-	38,780	6,579

No.	Project name	Location	Operating state	Project status	Project interests	Total investment	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	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
13	Wuhan North Star Peacock Shoal	Wuhan, Hubei	Residence	Under Construction	60%	7.78	0.92	75,200	220,400	172,800	103,700	-	-	220,400	-	-	52,189	1,625
14	Wuhan Lot P067 Project	Wuhan, Hubei	Residence and commercial	Under Construction	100%	20.00	1.17	50,500	177,200	126,200	-	-	-	177,200	-	-	-	-
15	Wuhan Lot P068 Project	Wuhan, Hubei	Residence and commercial	Under Construction	100%	16.20	0.85	63,200	227,700	158,100	-	-	-	227,700	-	-	-	-
16	Wuhan North Star Jindiyang Time	Wuhan, Hubei	Residence and commercial	Under Construction	49%	18.72	0.69	50,500	212,100	151,400	74,200	-	-	212,100	-	-	50,156	8,585
17	Hangzhou North Star Shushan Project	Hangzhou, Zhejiang	Residence and commercial	Completed	80%	21.94	0.82	83,900	317,500	235,000	188,000	-	-	317,500	-	317,500	8,474	62
18	Hangzhou Honor Mansion Grand Lot	Hangzhou, Zhejiang	Residence and commercial	Completed	35%	14.85	-	41,900	108,400	75,000	26,300	-	-	108,400	-	108,400	-	-
19	Hangzhou Honor Mansion Small Lot	Hangzhou, Zhejiang	Residence and commercial	Completed	35%	4.90	-	13,400	32,600	23,000	8,100	-	-	32,600	-	32,600	-	-
20	Hangzhou Guosongfu	Hangzhou, Zhejiang	Residence	Completed	100%	16.06	0.51	21,900	69,900	48,200	-	-	-	69,900	-	69,900	717	185
21	Hangzhou Jinhu Art Villa of City	Hangzhou, Zhejiang	Residence and commercial	Completed	25%	5.50	0.93	57,400	209,700	144,000	36,000	-	-	209,700	-	209,700	111	111
22	Hangzhou North Star Lingchao Mansion	Hangzhou, Zhejiang	Residence	Under Construction	100%	11.03	0.61	12,200	44,400	25,700	-	-	-	44,400	-	-	-	-
23	Ningbo Beichenfu	Ningbo, Zhejiang	Residence	Completed	100%	42.39	2.43	47,300	189,700	137,400	-	-	-	189,700	-	189,700	48,179	10,529
24	Ningbo Mansion • Jintian	Ningbo, Zhejiang	Residence and commercial	Completed	51%	30.34	1.47	133,000	404,800	292,500	149,200	-	-	404,800	-	404,800	2,712	878
25	Ningbo Yuyao Project ▲	Yuyao, Zhejiang	Residence	In the pipeline	100%	21.82	-	68,700	174,200	116,800	-	174,200	-	-	-	-	-	-

No.	Project name	Location	Operating state	Project status	Project interests	Total investment	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
26	Nanjing North Star CIFI Park Mansion • Jin Ling	Nanjing, Jiangsu	Residence	Completed	51%	15.18	0.10	25,300	105,000	70,700	36,100	-	-	105,000	-	-	105,000	-	-
27	Suzhou North Star CIFI No. 1 Courtyard	Suzhou, Jiangsu	Residence and commercial	Completed	50%	11.47	0.21	178,700	273,900	180,500	90,300	-	-	273,900	-	-	273,900	2,464	253
28	Suzhou Guanlan Mansion	Suzhou, Jiangsu	Residence and commercial	Under Construction	100%	58.82	2.94	170,000	392,900	268,800	-	-	-	392,900	392,900	-	-	74,655	2,559
29	Wuxi Tianyi Jiuzhu	Wuxi, Jiangsu	Residence	Under Construction	49%	28.60	0.63	88,000	255,400	196,000	96,000	-	-	255,400	129,000	-	126,500	534	-914
30	Wuxi Times City	Wuxi, Jiangsu	Residence	Under Construction	40%	46.79	1.16	137,900	554,400	413,800	165,500	-	-	554,400	343,500	-	190,300	101,254	67,399
31	Chengdu North Star • Landsea Southern Gate Green Shire	Chengdu, Sichuan	Residence and commercial	Completed	40%	8.05	0.19	63,600	235,100	158,600	63,400	-	-	235,100	-	-	235,100	5,381	774
32	Chengdu North Star • Xianglu	Chengdu, Sichuan	Residence and commercial	Completed	100%	15.75	0.15	40,400	148,300	96,900	-	-	-	148,300	-	-	148,300	2,105	-
33	Chengdu North Star • South Lake Xianglu	Chengdu, Sichuan	Residence	Under Construction	100%	29.16	1.12	88,000	299,100	210,000	-	-	-	299,100	149,700	-	149,400	12,845	-
34	Chengdu North Star Royal Palace	Chengdu, Sichuan	Residence and commercial	Under Construction	100%	16.29	1.25	26,600	120,000	79,800	-	-	-	120,000	120,000	-	-	67,617	4,585
35	Chengdu North Star Luming Mansion	Chengdu, Sichuan	Residence and commercial	Under Construction	80%	26.51	0.99	80,100	227,100	160,300	-	-	-	227,100	227,100	-	-	30,724	12,883
36	Sichuan North Star Guosongfu	Meishan, Sichuan	Residence and commercial	Under Construction	100%	16.24	0.97	59,900	199,200	149,800	-	-	-	199,200	199,200	-	-	73,770	4,074
37	Sichuan Longxitai	Meishan, Sichuan	Residence and commercial	In the pipeline	100%	10.94	-	69,900	137,300	84,000	-	137,300	-	-	-	-	-	-	-

No.	Project name	Location	Operating state	Project status	Project interests	Total investment	Actual investment amount during the Reporting Period	Project area	Total floor area	Planned plot ratio-based gross floor area	New			Floor			Contracted area during the Reporting Period		
											Equity area	Land area held for development	construction area during the Reporting Period	area under construction during the Reporting Period	Completed area during the Reporting Period	Saleable area during the Reporting Period			
38	Langfang North Star Xianglu	Langfang, Hebei	Residence and commercial	Under Construction	100%	25.73	1.52	140,700	357,700	296,800	-	-	357,700	-	-	50,849	5,854		
39	Langfang Blue City	Langfang, Hebei	Residence	Under Construction	100%	25.31	1.29	82,500	241,600	164,800	-	147,900	93,700	93,700	-	-	-		
40	Langfang Lot 2019-3 Project	Langfang, Hebei	Commercial	In the pipeline	100%	5.75	0.12	21,100	72,800	52,800	-	72,800	-	-	-	-	-		
41	Langfang Lot 2020-5 Project▲	Langfang, Hebei	Residence	In the pipeline	100%	13.43	2.60	46,200	138,300	92,000	-	138,300	-	-	-	-	-		
42	Hefei North Star CIFI Park Mansion•	Hefei, Anhui	Residence and commercial	Under Construction	50%	21.07	0.77	141,700	356,200	239,000	119,500	-	-	55,400	-	202,700	22,160	4,805	
43	Chongqing, Yuelai No.1	Yubei, Chongqing	Residence and commercial	Under Construction	100%	100.66	2.82	429,100	1,274,000	918,000	-	372,000	-	725,200	-	176,800	68,434	16,720	
44	Chongqing North Star Xianglu	Yubei, Chongqing	Residence	Under Construction	100%	21.93	0.98	68,200	150,400	102,200	-	-	150,400	150,400	-	-	-	-	
45	North Star Mansion in Haikou	Haikou, Hainan	Residence and commercial	Under Construction	100%	45.47	2.45	106,800	263,400	206,000	-	29,200	-	234,200	-	-	74,963	14,771	
46	Guangzhou Zengcheng Lot 116 Project	Guangzhou, Guangdong	Residence and commercial	Under Construction	51%	17.66	0.23	25,900	112,800	77,800	-	-	112,800	112,800	-	-	-	-	
47	Guangzhou Zengcheng Lot 114 Project▲	Guangzhou, Guangdong	Residence and commercial	Under Construction	49%	8.66	-	25,100	110,300	76,600	37,500	-	110,300	110,300	-	-	-	-	
Total					-	1,479.05	51.53	5,238,000	17,802,300	12,870,000	2,047,900	1,857,700	801,500	15,944,500	7,033,700	392,400	9,184,600	1,401,268	276,824

Notes:

1. “▲” represents newly added real estate projects for reserve purpose during the Reporting Period.
2. Total investment represents the estimated total investment amounts for each project.
3. Planned plot ratio-based gross floor area and equity area represent the data calculated with reference to the conditions of assignment at the time of project auction.
4. Equity area (i.e. area of cooperative development projects) represents the plot ratio-based gross floor area attributable to the percentage of interest in the Company.
5. Land area held for development represents the gross construction area of undeveloped portion of project land.
6. During the Reporting Period, total land reserve of the Company was 7,265,700 square meters; equity land reserve was 6,504,500 square meters and the newly added real estate reserve was 422,700 square meters;

New construction area was 801,500 square meters, representing a year-on-year increase of 79.71%; area for new and resumed construction was 7,033,700 square meters, representing a year-on-year decrease of 2.84%; the completed area was 392,400 square meters, representing a year-on-year decrease of 20.93%;

Sales area was 276,800 square meters, representing a year-on-year decrease of 59.16%; sales amount was RMB4,913,000,000, representing a year-on-year decrease of 51.04%; settlement area was 190,300 square meters, representing a year-on-year decrease of 60.70%; the settlement amount was RMB2,644,000,000, representing a year-on-year decrease of 63.25%.

2. Investment Properties (Including Hotels)

Affected by the pandemic, a lot of meetings and exhibitions at home and abroad entered by the Company were postponed or cancelled, which resulted in a significant increase of vacancy rate of the office buildings and a sharp decrease of hotel-occupancy rate.

In the first half of 2020, the Company recorded an operating revenue from investment properties (including hotels) of RMB660,396,000, representing a year-on-year decrease of 49.59%. The profit before tax amounted to RMB8,687,000, representing a year-on-year decrease of 97.95%. The assessment impairment for the period was RMB162,639,000.

In face of the impact of pandemic, the Company considered the situation, shifted the business concept timely and advanced the resumption of work and production in a safety and orderly manner. Convention and exhibition business: On the premise of taking into account of the pandemic prevention and control, the Company gave full play to the aggregation effect of online exhibition to expand the coverage and influence of the exhibition. The Company signed a strategic agreement with Tencent and actively

carried out the establishment of an online and offline integrated exhibition platform to further expand sales channels. In addition, seizing the time opportunities during the pandemic gap period, the Company accelerated the renovation and transformation in terms of certain regions with functional degeneration, so as to achieve an overall improvement in hardware facilities. Office building business: The Company assisted the middle and small-sized enterprises affected by the pandemic to reduce costs and tide over the difficult times through rent reductions and adjustment to lease areas, etc. The Company strove to retain the existing customers and secure new ones. Hotel and apartment business: The Company continued to explore and try new consumption models generated under the normalized situation of pandemic prevention and control, increased online sales, innovatively launched the outdoor dining area and developed thematic retail products in various types.

In terms of devotions to the operation and management of convention and exhibition venues as well as hotel branding, the Company has effectively responded to multiple risks and challenges under the pandemic, and launched a large-scale strategic layout across the country, which further cemented its influence in the industry. During the Reporting Period, North Star Events Group successfully entered into contracts in respect of entrusted management for 4 projects, namely Hangzhou Future Sci-Tech City Academic Exchange Center (杭州未來科技城學術交流中心), Nanjing Yangtze international Convention Center (南京揚子江國際會議中心), Zhuhai Nanguo Serviced Apartment (珠海南國酒店式公寓) and North Star V-Continent Changsha China Communications International Center Crown Hotel (長沙中交國際中心北辰五洲皇冠酒店), and consultation for 6 projects located in Xiong'an, Jining, Shanghai, Hangzhou, Guangzhou and other key convention and exhibition cities. As at the end of the Reporting Period, North Star Events Group established presence in 25 cities across the country, and had a total of 15 contracted convention and exhibition venues under entrusted management covering a total floor area of 3.18 million square meters and 23 contracted hotels under entrusted management. North Star Events Group has become the convention and exhibition enterprise that runs the largest number of convention and exhibition venues, and it is the largest in terms of overall scale and is capable of undertaking the finest convention and exhibition in China. In terms of the convention hosting and undertaking businesses, North Star Events Group accelerated the application of new technologies, new platforms and new models in the exhibition, led the creation of Beijing online exhibition development alliance and attracted 49 members in total, and carried out numbers of online technology sharing sessions. During the Reporting Period, North Star Events Group made preparations actively for “2020 China (Chengdu) International Supply Chain and Logistics Technologies and Equipment Expo (2020成都國際供應鏈與物流技術裝備博覽會)”, “China Digital Creative Technology

Exhibition and 2020CGF China Animation Comic Game Festival (中國數字創意科技展暨2020CGF中國遊戲節)”and “2020 Beijing International Art & Toys Exhibition (2020北京國際藝術設計玩具展覽會)”, and organized “2020 Beijing International Beauty Expo Online Exhibition (2020北京國際美博會線上展覽會)”. In terms of the convention and exhibition research and development business, the Company actively participated in the construction and research of regional convention and exhibition system platforms. During the Reporting Period, the Company successfully entered into contracts in respect of consultation for 3 projects, namely the Development Plan of the Convention and Exhibition Industry during the “14th Five-Year Plan” Period in Shunyi District (順義區“十四五”時期會展業發展規劃), the Strategic Study on Construction of an International Convention and Exhibition Gathering Area during the “14th Five-Year Plan” Period in Shunyi District (“十四五”時期順義區打造國際會展集聚區策略研究), and the Research of Conference, Convention and Exhibition Industry in Shenzhen Xiaomeisha Resort (深圳小梅沙會議會展產業研究), with a view that it provided more than 20 strong theoretical supports for Ministry of Commerce, Ministry of Public Security and other relevant government institutions and associations, and completed 12 research reports and 12 research projects.

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	16,638	100%
2	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Beijing International Convention Centre	Convention and exhibition	58,000	3,519	100%
3	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Bin Offices	Office building	37,800	3,200	100%
4	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Xin Offices	Office building	40,900	2,634	100%
5	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	North Star Times Tower	Office building	131,300	7,184	100%
6	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	North Star Century Center	Office building	149,800	12,880	100%

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
7	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Zhen Building Property	Office building	8,400	901	100%
8	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Beijing Continental Grand Hotel	Hotel	42,000	1,208	100%
9	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	National Convention Centre Hotel	Hotel	42,900	731	100%
10	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	V-Continent Beijing Parkview Wuzhou Hotel	Hotel	60,200	1,195	100%
11	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	Intercontinental Beijing North Star Hotel	Hotel	60,000	1,642	100%
12	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Intercontinental Changsha	Hotel	79,200	4,637	100%
13	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Yuan Apartment	Apartment	184,300	7,243	100%
14	A13 Beiyuan Road, Chao Yang District, Beijing	B5 Commercial Area of North Star Green Garden	Commercial	49,700	842	100%

Notes:

1. The B5 Commercial Area of North Star Green Garden has been leased to Beijing Shopin Retail Development Co., Ltd. (北京市上品商業發展有限責任公司) 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 Xincheli Shopping Centre commercial project..
5. The above-mentioned properties items 2, 3, 7, 8, 10 and 13 are erected on land leased from BNSIGC. The rental for the first half of 2020 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 2020



Table 4: Breakdown of entrusted management projects of the Company in the first half of 2020

No.	Convention center projects 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	Lianyungang Land Bridge International Convention Center and ancillary hotels	Jiangxi Hongwei Continental Crown Hotel
4	Hangzhou International Expo Center	Zhangjiakou Continental Crown Hotel
5	Ningxia International Hall	North Star V-Continent Datong Executive Apartment
6	Taizhou China Medical City Exhibition Center	North Star V-Continent Yinfeng Hotel
7	Qingdao International Convention Center	North Star V-Continent Anshun Gardenstyle Hotel
8	Shijiazhuang International Convention & Exhibition Center	North Star V-Continent Chifeng Hotel
9	Deqing International Convention Center	North Star V-Continent Wanquan Hotel
10	Nantong International Convention & Exhibition Center	North Star V-Continent Huai'an Gardenstyle Hotel

No.	Convention center projects under entrusted management	Hotel projects under entrusted management
11	Fuzhou Digital China Convention & Exhibition Center	Nanjing Wangyudao North Star V-Continent Garden-style Hotel
12	Chongli International Convention & Exhibition Center	North Star V-Continent Wuhan China Communications City Crown Hotel
13	Weihai International Economic and Trade Exchange Center	Zhuhai North Star V-Continent Crown Hotel
14	Hangzhou Future Sci-Tech City Academic Exchange Center	Hotel Project of Building A on Lot J of Guangzhou Greenland City (廣州綠地城J地塊A棟酒店項目)
15	Nanjing Yangtze International Convention Center	Tonghua Wanfeng North Star V-Continent Crown Hotel
16		Zhuhai Nanguo Serviced Apartment (珠海南國酒店式公寓)
17		North Star V-Continent Changsha China Communications International Center Crown Hotel (長沙中交國際中心北辰五洲皇冠酒店)
18		Hangzhou International Expo Center Hotel
19		Land Bridge Crown Business Hotel
20		Nantong V-Continent Gardenstyle Hotel
21		Lianyungang Land Bridge International Convention Center and ancillary hotels
22		Chongli V-Continent Gardenstyle Hotel
23		Weihai International Economic and Trade Exchange Center and ancillary hotels

3. Nurturing Business

The Company's first health and elderly care project, North Star ORPEA International Elderly Nursing Center (北辰歐葆庭國際頤養中心) in Changsha, continued to conduct its businesses to high standards and provide high-quality services. Despite of the outbreak of the pandemic which had adverse impact on the occupancy rates to some extent, the Company stepped up its efforts in marketing and promotion and started the operation of the sections designed specifically for seniors with complete or partial disability or dementia at appropriate time with the gradual lift of lockdown measures against the pandemic. Currently, the number of elders who live in the Center has been generally restored to the level before the outbreak of the pandemic, even with a steady growth.

4. Financing Work

Taking into overall consideration of factors such as policy environment, interest rate levels, asset-liability structure, etc., as well as flexibly adopting diversified financing models including the “headquarters financing”, the Company successfully issued 2020 Non-public Bonds (First Tranche) amounting to RMB600 million during the Reporting Period, which has not only optimized the capital structure of the Company, but also provided stable funding source for the development of the businesses of the Company in the future.

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
3,042,428	6.06	89,663

III. INDUSTRY LANDSCAPE AND TREND

In the second half of 2020, China will, based on the general principle of making progress while ensuring the stability and its main task of the supply-side structural reform, building on the impetus brought by reform and opening-up, carry on with the new development philosophy, work for high-quality development, strive for the success of the “Three critical battles” (namely the prevention and mitigation of major risks, precise poverty alleviation and pollution prevention), double its efforts in “Six Stabilities” (namely to stabilize the employment, finance, foreign trade, foreign investment, investment and expectations), with the view to safeguarding the economic development and social stability.

As for development properties, during the second half of 2020, China will deepen the construction of new urbanization. Under the general key notes of “housing properties for accommodation, not speculation”, China will continue to implement real estate policies according to the actual situation in different cities, accelerate the establishment of a housing system with multiple house suppliers, various security channels, and houses for rent and purchase, and gradually develop a package of policy instruments covering finance, land, finance and taxation, housing security, and market management, and create a good environment for the long-term and stable development of the real estate industry.

As for investment properties, as the domestic pandemic has been fully controlled, companies have actively resumed work and production, and people's lives have become normal. Economic activities have steadily resumed. Based on the support of relevant national policies, the investment property business such as exhibitions, hotels and office buildings will have broader room for development and new opportunities.

IV. DEVELOPMENT STRATEGY OF THE COMPANY

In the face of the current situation where the pandemic prevention and control situation continues to improve, the Company will continue to be guided by “expansion at low cost, operation with light assets, support by new economy and development of high-end service industry”, with greater determination, safer prevention and control and more powerful measures, quickly promote the resumption of work and production and gradually recover from the staged impact of the pandemic on production and operation to ensure the various business activities of the Company to return to normal levels.

1. Development Properties

In respect of development strategies, on the basis of its position of existing regions, the Company will pay close attention to the opportunities in key regions such as Beijing-Tianjin-Hebei Area, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, the City Clusters of the Middle Reaches of the Yangtze River and Chengdu-Chongqing Metropolitan Area, scientifically study the current situation of urban development, pinpoint market entry points, select opportunities to obtain high-quality land resources so as to make full preparations for the subsequent market recovery. In terms of project operation, the Company will pay close attention to the return of market demand, grasp the possible rebound in demand after the pandemic, proactively prepare for various works, expand online and offline multi-channel marketing, and combine with new media platform resources to strengthen project value output, promote transaction conversion and speed up capital turnover efficiency.

In the second half of 2020, it is expected that the new construction area is 280,000 square meters, the resumed construction area is 7,140,000 square meters and the completed area is 2,090,000 square meters. The Company strives to realize sales area of 980,000 square meters and contracted sales amount of RMB18,100 million (including parking spaces).

2. Investment Properties (Including Hotels)

While normalizing the prevention and control of the pandemic, on the one hand, the Company will promote the digital integration of the convention and exhibition economy, strengthen the coverage of online convention and exhibitions, establish an efficient and intelligent digital service platform and explore new booth live broadcast models to extend exhibition effects, enhance user experience, improve operational efficiency and drive business innovation. On the other hand, the Company will continue to stimulate the inherent development potential of various business ends in the industry chain such as entrusted management of convention and exhibition venues, hosting and undertaking of exhibitions and researches on convention and exhibition, etc., as well as to seize opportunities in the economic recovery after the pandemic.

3. Nurturing Business

The Company will make more efforts to carry out promotion work for North Star ORPEA International Elderly Nursing Center (北辰歐葆庭國際頤養中心) in Changsha, raise the level of care for elderly residents, proactively expand service category and strive for the fulfilment of the established annual working targets. In addition, on the basis of ensuring the safe and steady operation of the implemented projects, the Company will, from a perspective of professionalization, actively further the study on the development orientation of the health and elderly care industry, expand new product lines and create a sustainable mode of elderly care development.

4. Financing and Capital Expenditure

The Company will gain a deep knowledge of companies' financing demands after the work and production resumption, give full play to the advantages of the "headquarters financing" mode, effectively take advantage of financial institutions' supporting policies for helping fulfill companies' financing demands, and practically strengthen the high efficiency of the Company's capital utilization and the diversification of financial resources. Furthermore, the Company will keep a careful calculation and strict budgeting and work hard to improve economic benefit, so as to provide strong support for its steady operation and market expansion.

In the second half of 2020, the Company's investment in fixed assets is expected to be RMB570 million, which will be paid according to project progress and funded by internal resources.

V. POTENTIAL RISKS FACED BY THE COMPANY

1. Risks in relation to the COVID-19 pandemic

In 2020, the outbreak of the COVID-19 pandemic has caused relatively material impacts on the economy of China in the first half of this year. All industries including the real estate industry and service industry have been subject to impact of different levels. Due to the outbreak of the COVID-19 pandemic and the implementation of relevant prevention and control measures, the construction area and sales area of the real estate development business, and occupancy rate and lodging rate of investment properties and hotels of the Company would be affected in the certain term.

In response to the above risks, the Company carefully established and improved the pandemic prevention and control mechanism, coordinated and implemented pandemic prevention and control works. Until now, it has basically resumed overall operations. In addition, the Company will actively take effective measures to minimize the possible adverse impact of the pandemic on the production and operation of the Company in accordance with the development of the pandemic. In particular, on the one hand, in respect of development properties, the Company will seize opportunities and promote sales through multiple channels by taking the strategy of “one policy for one city”. On the other hand, it will strictly control costs and improve the efficiency of capital use. In respect of investment properties, on the one hand, it will expand marketing channels, stabilize and attract customers by improving and optimizing services. On the other hand, it will actively expand new projects on the basis of consolidating existing businesses and projects.

2. Policy Risks in Development Properties

The development of real estate industry is closely related to national policy directions, which are cyclical. The real estate project has a long operating cycle. Any significant adjustment to relevant policies during the cycle, may pose certain risks to real estate companies regarding aspects such as land acquisition, project development and construction, sales, and fundraising.

In response to the aforesaid risks, the Company’s development properties will conduct further analysis on national macro policies and pay close attention to market changes, improve the responsiveness to policies and market changes and place equal importance on risk management and control during the fast development of business, so as to minimize the risks of project development and sales resulting from policy uncertainty. Meanwhile, it will continuously optimize the direction of business development, strengthen the potential for sustainability of development properties and enhance overall competitiveness according to policy directions.

3. Market Risks

The differentiation in real estate market continues to sustain and competition for popular cities and certain prime land parcels among real estate enterprises has become intensively fierce. Land transaction prices remain high, driving up development costs, and excessive housing prices can easily trigger regulatory policies. Under the dual influence of large land costs and difficulty to increase selling price, the profit margin is likely to be narrowed, which will impose certain risks on enterprises in finance and capital position as well as operational stability.

To tackle the aforesaid risks, the Company will pay close attention to the development trend of the market, enhance the evaluation on the newly entered cities, and select cities and regions in which market is mature with favorable investment atmosphere, a net inflow of population and a relatively rational housing-price-to-income ratio. The Company will continue to adhere to the idea of low-cost expansion, expand new land acquisition methods, and reduce funding pressure. At the same time, the Company is committed to strengthening professional management, shortening the development cycle and accelerating the turnover rate, and improving the cash recovery rate and avoiding market risks.

4. Risks of Talent Reserve

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, the Company may be exposed to the risk of talent shortage in the near future.

To tackle the aforementioned risks, the Company promoted the construction of high-quality and professional leadership teams and selected quality cadres by taking measures including internal promotion and external recruitment as well as providing training to corporate leaders and young talents; and expanded talents reserve by nurturing professional talents for the Convention Group and practical talents for the Real Estate Group.

DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE

Financial Resources and Liquidity

As at 30 June 2020, the equity attributable to ordinary shareholders of the Company decreased by 2.35% compared with 31 December 2019.

The Group's bank and other borrowings (excluding bonds) as at 30 June 2020 amounted to RMB24,491,654,000. During the Period, net values of the Group's 5-year corporate bonds, 7-year corporate bonds and 5-year medium term notes were RMB2,146,066,000, RMB1,493,938,000 and RMB1,315,625,000, respectively; and the asset-backed securities were RMB977,000,000.

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 RMB83,592,745,000, whereas the current liabilities amounted to RMB49,956,129,000. As at 30 June 2020, the balance of cash at bank and on hand amounted to RMB12,556,343,000 (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 2020, the Group had secured borrowings from banks and other financial institutions of RMB15,264,604,000 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 75% as at the end of the Reporting Period (31 December 2019: 74%).

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 2020, the outstanding amount of financial guarantees provided in phases was RMB19,049,063,000 (31 December 2019: RMB18,439,722,000).

SHARE CAPITAL AND SHAREHOLDERS

Share Capital

The Company's registered capital as at 30 June 2020 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 2020, 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 2020.

INTERESTS OF DIRECTORS AND SUPERVISORS OF THE COMPANY

As at 30 June 2020, 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 save as disclosed below, the Company has fully complied with all code provisions set out in the “Corporate Governance Code” contained in Appendix 14 of the Listing Rules during the Period:

As stated in the announcement of the Company dated 15 May 2020, the Company was not in full compliance with the requirements set out under Code Provision A.5.1 of the Corporate Governance Code contained in Appendix 14 of the Listing Rules regarding the composition of the nomination committee following the resignation of Mr. HE Jiang-Chuan. Mr. LI Wei-Dong has been appointed as the chairman of the nomination committee of the Company on 20 August 2020, and the Company has accordingly re-complied with the relevant requirements under Code Provision A.5.1.

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 2020.

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 2020 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 2020, 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 2020, the Company had 5,293 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 2020 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 2020 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
LI Wei-Dong
Chairman

Beijing, the PRC
26 August 2020

As at the date of this announcement, the Board of the Company comprises eight directors, including five executive Directors, Mr. LI Wei-Dong, Ms. LI Yun, Mr. CHEN De-Qi, Ms. ZHANG Wen-Lei and Mr. GUO Chuan and three independent non-executive directors, Mr. FU Yiu-Man, Mr. DONG An-Sheng and Mr. WU Ge.

Should there be any differences between the Chinese and English versions of this announcement, the Chinese version shall prevail.