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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 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the “**Board**”) of Beijing North Star Company Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020 (the “**Reporting Period**”) as set out below:

CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Year ended 31 December	
		2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Continuing operations			
Revenue	2	17,995,842	20,122,314
Cost of sales	3	<u>(14,764,210)</u>	<u>(13,912,152)</u>
Gross profit		3,231,632	6,210,162
Selling and marketing expenses	3	(539,461)	(555,161)
Administrative expenses	3	(848,839)	(916,414)
Fair value (losses)/gains on investment properties		(294,452)	146,641
Net reversal of/(provision for) impairment losses on financial assets		6,510	(14,845)
Other income and gains - net		<u>71,020</u>	<u>38,038</u>
Operating profit		1,626,410	4,908,421
Finance income	4	172,289	137,298
Finance expenses	4	<u>(472,546)</u>	<u>(551,820)</u>
Finance expenses – net	4	(300,257)	(414,522)
Share of net profit of investments accounted for using the equity method		<u>186,427</u>	<u>187,469</u>
Profit before income tax		1,512,580	4,681,368
Income tax expense	5	<u>(1,042,383)</u>	<u>(2,579,488)</u>
Profit from continuing operations		<u>470,197</u>	<u>2,101,880</u>

CONSOLIDATED INCOME STATEMENT (CONTINUED)

	Note	Year ended 31 December	
		2020 RMB'000	2019 RMB'000
Loss from discontinued operation (attributable to ordinary shareholders of the Company)		—	(6,421)
Profit for the year		470,197	2,095,459
Attributable to:			
Ordinary shareholders of the Company	6	21,658	1,788,709
Holder of perpetual bond		143,530	116,859
Non-controlling interests		305,009	189,891
		470,197	2,095,459
Earnings per share attributable to ordinary shareholders of the Company (basic and diluted) (expressed in RMB cents per share)			
From continuing operations	6	0.64	53.31
From discontinued operations	6	—	(0.19)
		0.64	53.12

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
<i>Note</i>	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	470,197	2,095,459
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
Remeasurement of post-employment benefit obligations	3,623	619
Income tax relating to these items	–	(68,838)
Other comprehensive income for the period, net of tax	3,623	207,134
Total comprehensive income for the year	473,820	2,302,593
Attributable to:		
Ordinary shareholders of the Company	25,281	1,995,843
Holder of perpetual bond	143,530	116,859
Non-controlling interests	305,009	189,891
	473,820	2,302,593
Total comprehensive income for the year attributable to ordinary shareholders of the Company arises from:		
Continuing operations	25,281	2,002,264
Discontinued operations	–	(6,421)
	25,281	1,995,843

CONSOLIDATED BALANCE SHEET

		As at 31 December	
	<i>Note</i>	2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets			
Right-of-use assets		467,600	333,799
Investment properties		15,344,734	15,025,176
Property, plant and equipment		2,392,887	2,125,927
Investments accounted for using the equity method		541,853	463,981
Deferred income tax assets		1,263,905	1,340,213
Other receivables and prepayments	8	327,715	299,963
		<u>20,338,694</u>	<u>19,589,059</u>
Current assets			
Properties under development		42,427,185	55,341,162
Completed properties held-for-sale		13,971,935	5,342,597
Other inventories		40,594	49,528
Trade and other receivables and prepayments	8	5,105,636	7,304,766
Restricted bank deposits		2,214,935	3,035,938
Cash and cash equivalents		10,830,539	11,775,741
		<u>74,590,824</u>	<u>82,849,732</u>
Total assets		<u><u>94,929,518</u></u>	<u><u>102,438,791</u></u>

CONSOLIDATED BALANCE SHEET (CONTINUED)

		As at 31 December	
		2020	2019
	Note	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Long term borrowings		22,373,226	22,046,678
Loans from other parties	9	2,658,262	1,434,826
Employee termination benefit obligations		114,240	125,671
Deferred income tax liabilities		2,121,516	2,156,777
Lease liabilities		20,066	31,483
Deferred income		2,743	1,943
		<u>27,290,053</u>	<u>25,797,378</u>
Current liabilities			
Trade and other payables	9	10,386,752	10,599,741
Loans/advances from other parties	9	5,210,695	4,524,262
Contract liabilities	2	17,882,773	24,287,096
Current income tax liabilities		2,409,342	3,028,096
Lease liabilities		30,945	25,744
Current portion of long term borrowings		5,625,326	6,738,185
Short term borrowings		–	900,000
		<u>41,545,833</u>	<u>50,103,124</u>
Total liabilities		<u>68,835,886</u>	<u>75,900,502</u>
Net assets		<u>26,093,632</u>	<u>26,538,289</u>
EQUITY			
Share capital		3,367,020	3,367,020
Other reserves		4,868,600	4,773,482
Retained earnings		12,547,694	13,067,511
Capital and reserves attributable to ordinary shareholders of the Company		20,783,314	21,208,013
Perpetual bond		2,630,380	2,630,380
Non-controlling interests		<u>2,679,938</u>	<u>2,699,896</u>
Total equity		<u>26,093,632</u>	<u>26,538,289</u>

NOTES:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

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

(a) Amended standards and revised conceptual framework adopted by the Group

The Group has applied the following amended standards and revised conceptual framework (what are relevant to the Group) for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material – amendments to HKAS 1 and HKAS 8
- Definition of a Business – amendments to HKFRS 3
- Interest Rate Benchmark Reform – amendments to HKFRS 9, HKAS 39 and HKFRS 7
- Revised Conceptual Framework for Financial Reporting

The amended standards and revised conceptual framework listed above did not have any significant impact on the Group’s accounting policies and did not require retrospective adjustments, and are not expected to significantly affect the current or future periods.

(b) New and amended standards, interpretations and annual improvements not yet adopted

Certain new and amended standards, interpretations and annual improvements have been published that are not mandatory for 31 December 2020 reporting period and have not been early adopted by the Group. These standards, interpretations and annual improvements are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. SEGMENT INFORMATION

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

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

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

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

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

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

2. SEGMENT INFORMATION (CONTINUED)

The Group's revenue consists of revenue from sales of developed properties and revenue from the operation of investment properties and hotels. Revenues recognised during the years ended 31 December 2020 and 2019 are as follows:

	Year ended 31 December	
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue		
Properties development segment	16,156,245	17,352,471
Investment properties and hotels segment	1,738,134	2,660,358
	17,894,379	20,012,829
Other segments	101,463	109,485
	17,995,842	20,122,314

During the years ended 31 December 2020 and 2019, the Group derives revenue from the deliveries of properties, goods and services over time and at a point in time from the following segments:

	At a point in time <i>RMB'000</i>	Over time <i>RMB'000</i>
Year ended 31 December 2020		
Properties development segment	15,311,627	844,618
Investment properties and hotels segment*	153,291	212,078
Other segments	18,409	83,054
	15,483,327	1,139,750
	At a point in time <i>RMB'000</i>	Over time <i>RMB'000</i>
Year ended 31 December 2019		
Properties development segment	16,486,602	865,869
Investment properties and hotels segment*	355,143	428,983
Other segments	27,573	81,912
	16,869,318	1,376,764

* Rental income from investment properties for the year ended 31 December 2020 of RMB1,372,765,000 (2019: RMB1,876,232,000) is recognised on a straight-line basis over the term of the lease and has not been included in the above analysis.

2. SEGMENT INFORMATION (CONTINUED)

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

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

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

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

2. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Board for the reportable segments for the year ended 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>
Total segment revenues	17,352,471	2,719,852	151,856	20,224,179
Inter-segment revenues	–	(59,494)	(42,371)	(101,865)
Revenues from external customers	<u>17,352,471</u>	<u>2,660,358</u>	<u>109,485</u>	<u>20,122,314</u>
Adjusted profit/(loss) before income tax	2,682,071	822,625	(66,574)	3,438,122
<i>Adjusted profit/(loss) before income tax is stated after (charging)/crediting the following:</i>				
Adjusted cost of sales or services rendered	(11,722,304)	(1,070,490)	(111,637)	(12,904,431)
Adjusted depreciation and amortisation	(19,968)	(307,381)	(5,752)	(333,101)
Finance income	66,218	5,865	456	72,539
Finance expenses	(64,339)	–	–	(64,339)
Share of net profit from investments accounted for using the equity method	187,469	–	–	187,469
Adjusted income tax expenses	<u>(2,450,035)</u>	<u>(202,693)</u>	<u>–</u>	<u>(2,652,728)</u>

2. SEGMENT INFORMATION (CONTINUED)

The segment information as at 31 December 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>
As at 31 December 2020				
Total segment assets	70,510,659	7,388,960	113,103	78,012,722
Total assets include:				
Investments accounted for using the equity method	541,853	–	–	541,853
Additions to non-current assets (other than deferred tax assets)	1,033,904	202,329	18,908	1,255,141
Total segment liabilities	58,036,392	1,351,221	159,516	59,547,129
Contract liabilities	17,760,366	118,171	4,236	17,882,773
As at 31 December 2019				
Total segment assets	78,568,330	7,297,195	83,582	85,949,107
Total 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 segment liabilities	65,213,870	1,317,491	104,744	66,636,105
Contract liabilities	24,145,579	133,303	8,214	24,287,096

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

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

2. SEGMENT INFORMATION (CONTINUED)

As at 31 December 2020, the contract liabilities mainly included the payments received from pre-sales of properties which were usually received in advance of the performance under the contracts. The decrease in contract liabilities during the year was in line with the descend of the Group's contracted sales.

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

	Year ended 31 December	
	2020	2019
	RMB'000	<i>RMB'000</i>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Development properties	13,644,618	15,888,660
Investment properties and hotels	101,576	64,870
All other segments	19,966	52,347
	13,766,160	16,005,877

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

	Year ended 31 December	
	2020	2019
	RMB'000	<i>RMB'000</i>
Adjusted profit before income tax for reportable segments	1,605,028	3,438,122
Corporate overheads	(180,443)	(263,486)
Corporate finance expense	(367,563)	(482,982)
Corporate finance income	106,142	64,759
Other (losses)/gains – net	(3,263)	18,228
Fair value (losses)/gains on investment properties	(294,452)	146,641
Reversal of depreciation of investment properties	153,403	183,836
Land appreciation tax	493,728	1,576,250
Profit before income tax	1,512,580	4,681,368

2. SEGMENT INFORMATION (CONTINUED)

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

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Total segment assets	78,012,722	85,949,107
Deferred income tax assets at corporate level	940,304	818,673
Corporate cash	7,275,439	7,034,814
Accumuated fair value gains on investment properties	5,926,372	6,220,824
Reversal of accumulated depreciation of investment properties	2,559,693	2,406,290
Corporate investment in a joint venture and corporate loan advanced to an associate	179,310	–
Other corporate current assets	35,678	–
Assets of discontinued segment	–	9,083
	<hr/>	<hr/>
Total assets per balance sheet	94,929,518	102,438,791
	<hr/> <hr/>	<hr/> <hr/>
Total segment liabilities	59,547,129	66,636,105
Deferred income tax liabilities at corporate level	2,121,516	2,156,777
Corporate borrowings	5,307,891	6,372,133
Other corporate liabilities	1,859,350	721,516
Liabilities of discontinued segment	–	13,971
	<hr/>	<hr/>
Total liabilities per balance sheet	68,835,886	75,900,502
	<hr/> <hr/>	<hr/> <hr/>

The reconciliation between the Group's depreciation and amortisation for reportable segments and corresponding amount per disclosure for property, plant and equipment and right-of-use assets are mainly reversal of depreciation of investment properties and other related adjustments amounting to RMB143,820,000 (2019: RMB174,549,000).

The reconciliation between reportable segment income tax expenses and total income tax expenses is amounting to RMB146,543,000 (2019: RMB73,240,000), representing the impact of the aforementioned reconciliation items including corporate overheads, corporate financial expense, corporate financial income, fair value gains/(losses) on investment properties and reversal of depreciation of investment properties.

2. SEGMENT INFORMATION (CONTINUED)

The Company and its subsidiaries were incorporated in the PRC and all the revenue from external customers of the Group for the years ended 31 December 2020 and 2019 are derived in the PRC.

At 31 December 2020 and 2019, all the Group's non-current assets other than deferred tax assets (there are no employment benefit assets and rights arising under insurance contracts) are located in the PRC.

The Group has a large number of customers, and there was no significant revenue derived from any specific external customers for the years ended 31 December 2020 and 2019.

3. EXPENSES BY NATURE

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

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation of property, plant and equipment and right-of-use assets	155,297	158,552
Provision of impairment for properties	890,978	763,604
Provision of impairment for prepaid costs to obtain customer contracts	3,573	–
Employee benefit expense	919,124	1,035,735
Advertising costs	125,745	126,396
Cost of properties sold	12,607,527	11,722,304
Cost of consumables used	221,625	221,475
Taxes and levies (other than income tax expenses)	338,964	428,580
Office and consumable expenses	84,565	145,549
Properties management fees	111,041	92,474
Energy and utilities expenses	103,960	132,142
Consulting and service expenses	329,191	335,933
Repair and maintenance expenses	82,586	98,896
Short-term leases	15,859	39,462
Auditor's remuneration	7,240	7,240
Exhibition construction fee	104,234	15,364
Others	51,001	60,021
	16,152,510	15,383,727

4. FINANCE INCOME AND EXPENSES

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interest expenses		
– bank and other borrowings	(1,882,690)	(1,985,338)
– bonds and medium term notes	(279,489)	(262,556)
	<u>(2,162,179)</u>	<u>(2,247,894)</u>
Less: amounts capitalised in properties under development and hotel properties at a capitalisation rate of 6.29% (2019: 6.17%) per annum	<u>1,695,457</u>	<u>1,700,573</u>
	(466,722)	(547,321)
Bank charges and others	<u>(5,824)</u>	<u>(4,499)</u>
Finance expenses	(472,546)	(551,820)
Finance income – interest income	<u>172,289</u>	<u>137,298</u>
Finance expenses – net	<u><u>(300,257)</u></u>	<u><u>(414,522)</u></u>

5. INCOME TAX EXPENSES

The PRC income tax is computed according to the relevant laws and regulations in the PRC. The applicable income tax rate is 25% (2019: 25%).

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

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
– PRC enterprise income tax	509,216	1,394,938
– PRC land appreciation tax	493,728	1,576,250
Deferred income tax	39,439	(391,700)
	1,042,383	2,579,488

5. INCOME TAX EXPENSES (CONTINUED)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the local statutory tax rate of the home country of the Company as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit from continuing operations before income tax expense	1,512,580	4,681,368
Loss from discontinued operation before income tax expense	<u>–</u>	<u>(6,421)</u>
	1,512,580	4,674,947
Less: share of net profit of investments accounted for using the equity method	<u>(176,265)</u>	<u>(187,469)</u>
	<u>1,336,315</u>	<u>4,487,478</u>
Tax calculated at the statutory tax rate of 25% (2019: 25%)	334,079	1,121,870
Expenses not deductible for tax purposes	10,667	7,384
Tax losses not recognised	122,456	77,378
Temporary differences not recognised	169,552	190,893
Effect of the land appreciation tax in the PRC	370,296	1,182,188
Utilisation of previously unrecognised tax losses	(388)	(225)
Derecognition of deferred income tax assets	<u>35,721</u>	<u>–</u>
Income tax expenses	<u>1,042,383</u>	<u>2,579,488</u>

6. EARNINGS PER SHARE

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

Diluted earnings per share are equal to the basic earnings per share since the Company has no potential dilutive ordinary shares during the years ended 31 December 2020 and 2019.

	Year ended 31 December	
	2020	2019
Profit attributable to ordinary shareholders of the Company (<i>RMB'000</i>)	<u>21,658</u>	<u>1,788,709</u>
Number of ordinary shares in issue (<i>thousands</i>)	<u>3,367,020</u>	<u>3,367,020</u>
Earnings per share (basic and diluted) (<i>RMB cents per share</i>)	<u>0.64</u>	<u>53.12</u>
From continuing operations	0.64	53.31
From discontinued operations	–	(0.19)

7. DIVIDENDS

In 2020, the Company has fully paid the 2019 final dividends, amounting to RMB505,053,000.

In 2019, the Company has fully paid the 2018 final dividends, amounting to RMB404,042,000.

Dividends proposed after the end of the Reporting Period and not being recognised were as follows:

	Year ended 31 December	
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interim dividend paid	<u>–</u>	<u>–</u>
2020 proposed final dividend of RMB0.03 (2019: RMB0.15) per share	<u>101,011</u>	<u>505,053</u>
	<u>101,011</u>	<u>505,053</u>

7. DIVIDENDS (CONTINUED)

The Board recommended the payment of a 2020 final dividend of RMB0.03 per ordinary share. Total amount of the 2020 final dividend would be RMB101,011,000 which is calculated according to the ordinary shares in issue as of 31 December 2020. Such dividend is subject to approval by the shareholders at the 2020 Annual General Meeting. These consolidated financial statements do not reflect this dividend payable.

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December					
	2020		Total	2019		Total
	Current	Non-current	RMB'000	Current	Non-current	RMB'000
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other receivables ^(a)	2,312,203	272,202	2,584,405	4,034,519	170,483	4,205,002
Prepayments	2,793,433	55,513	2,848,946	3,270,247	129,480	3,399,727
	<u>5,105,636</u>	<u>327,715</u>	<u>5,433,351</u>	<u>7,304,766</u>	<u>299,963</u>	<u>7,604,729</u>

(a) Trade and other receivables

	As at 31 December					
	2020		Total	2019		Total
	Current	Non-current	RMB'000	Current	Non-current	RMB'000
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables(i)	191,398	-	191,398	94,485	-	94,485
Less: provision for impairment of trade receivables	<u>(37,507)</u>	<u>-</u>	<u>(37,507)</u>	<u>(39,244)</u>	<u>-</u>	<u>(39,244)</u>
Trade receivables – net	<u>153,891</u>	<u>-</u>	<u>153,891</u>	<u>55,241</u>	<u>-</u>	<u>55,241</u>
Receivables due from related parties	316	161,205	161,521	2,658	-	2,658
Receivables due from subsidiaries of CIFI Holdings (Group) Co., Ltd. (“CIFI”) (ii)	979,900	-	979,900	1,255,900	-	1,255,900
Receivables due from non-controlling interests	860,685	-	860,685	1,713,426	-	1,713,426
Deposits paid to local government authority for land bidding	-	-	-	758,110	-	758,110
Other receivables	335,403	111,717	447,120	271,812	171,340	443,152
	<u>2,176,304</u>	<u>272,922</u>	<u>2,449,226</u>	<u>4,001,906</u>	<u>171,340</u>	<u>4,173,246</u>
Less: provision for impairment of other receivable	<u>(17,992)</u>	<u>(720)</u>	<u>(18,712)</u>	<u>(22,628)</u>	<u>(857)</u>	<u>(23,485)</u>
Other receivables – net	<u>2,158,312</u>	<u>272,202</u>	<u>2,430,514</u>	<u>3,979,278</u>	<u>170,483</u>	<u>4,149,761</u>
	<u>2,312,203</u>	<u>272,202</u>	<u>2,584,405</u>	<u>4,034,519</u>	<u>170,483</u>	<u>4,205,002</u>

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

(a) Trade and other receivables (Continued)

(i) Trade receivables

The majority of the Group's sales are on cash or advance basis. The remaining amounts are with credit terms of 30 to 90 days. At 31 December 2020 and 2019, the ageing analysis of the trade receivables were as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
0 – 30 days	28,695	26,792
31 – 90 days	3,334	27,435
Over 90 days	159,369	40,258
	<u>191,398</u>	<u>94,485</u>

(ii) For the years ended 31 December 2020 and 2019, CIFI (a non-controlling shareholder of certain subsidiaries of the Group) has significant influence over the related subsidiaries which are material to the Group.

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

At 31 December 2020 and 2019, the Group's trade and other payables and loans/advances from other parties mainly include trade payables, amounts due to related parties, non-controlling interests and third parties, commercial mortgage backed securities, other tax payable and other payables.

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

At 31 December 2020 and 2019, the ageing analyses of the trade payables were based on date of services/goods received. The ageing analysis of the Group's trade payables is as follows:

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
0 – 180 days	2,674,492	3,210,242
181 – 365 days	1,630,539	814,286
Over 365 days	2,750,105	2,658,204
	<u>7,055,136</u>	<u>6,682,732</u>

10. EVENTS AFTER THE BALANCE SHEET DATE

On 24 March 2021, the Board has resolved to recommend the payment of a final dividend of RMB0.03 per share for the year ended 31 December 2020 (2019: RMB0.15 per share).

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the year ended 31 December 2020 in accordance with the China Accounting Standards for Business Enterprises, the Application Guidance for Accounting Standard for Business Enterprises, the Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (“CAS”). The differences between the financial statements prepared under CAS and HKFRS are summarised as follows:

	Profit attributable to owners of the Company and holders of perpetual bond for the year ended 31 December		Capital and reserves attributable to the owners of the Company and holders of perpetual bond as at 31 December	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
As stated in accordance with CAS	270,975	1,653,949	17,049,146	17,368,058
Impact of HKFRS adjustments				
1. Reversal of depreciation of investment properties under CAS	115,052	137,877	1,919,769	1,804,717
2. Fair value adjustment of investment properties under HKFRS	(220,839)	113,742	4,444,779	4,665,618
As stated in accordance with HKFRS	<u>165,188</u>	<u>1,905,568</u>	<u>23,413,694</u>	<u>23,838,393</u>

PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS

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

RESULTS AND DIVIDEND

The Group's revenue decreased by 10.57% to RMB17,995,842,000. The Group's profit attributable to ordinary shareholders for the year ended 31 December 2020 decreased by 98.79% as compared with the same period of last year to RMB21,658,000.

The Board has recommended the payment of a final dividend of RMB0.03 per share (2019: RMB0.15 per share) for the year ended 31 December 2020, totaling RMB101,011,000 to those shareholders whose names appear on the register of shareholders after the close of business at 4:30 p.m. on Thursday, 27 May 2021. Subject to the approval of the shareholders at the forthcoming annual general meeting of the Company, the final dividend is expected to be payable on or before Friday, 23 July 2021.

CLOSURE OF REGISTER OF SHAREHOLDERS

According to the Law on Corporate Income Tax of the People's Republic of China and the relevant implementing rules which came into effect on 1 January 2008, the Company is required to withhold corporate income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders as appearing on the H share register of shareholders of the Company. Any shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees or trustees or other groups and organisations will be treated as being held by non-resident enterprise shareholders and therefore the dividend payable therein will be subject to the withholding of the corporate income tax.

The register of shareholders of the Company will be closed from Friday, 7 May 2021 to Thursday, 13 May 2021 (both days inclusive), during which no transfer of the Company's shares will be registered. For the purpose of ascertaining the shareholders' entitlement to attend and vote at the 2020 annual general meeting, all completed transfer documents relating to H shares, accompanied by the relevant share certificates, must be lodged with the H share registrar of the Company, Hong Kong Registrars Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 6 May 2021.

Subject to the approval of the shareholders at the annual general meeting, the proposed final dividend will be payable to the shareholders whose names appear on the register of shareholders of the Company after the close of business at 4:30 p.m. on Thursday, 27 May 2021. The register of shareholders of the Company will be closed from Thursday, 20 May 2021 to Thursday, 27 May 2021 (both days inclusive), during which no transfer of the Company's shares will be registered. In order to qualify for the proposed final dividend, all completed transfer documents relating to H shares, accompanied by the relevant share certificates, must be lodged with the H share registrar of the Company, Hong Kong Registrars Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 18 May 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

I. REVIEW OF THE OPERATING ENVIRONMENT DURING THE REPORTING PERIOD

In 2020, in the face of the intricate and complicated situation in mainland China and abroad and the severe impact brought by the Novel Coronavirus Pneumonia (the “**Novel Coronavirous Pneumonia**”) pandemic, China maintained its strategic focus and rose to the challenges. Decisive achievement was made in the “three critical battles”, major breakthrough was made in technological innovation and reform and opening up, and people’s livelihood was effectively guaranteed. The annual GDP growth rate reached 2.3%, and China was the only major economy in the world that achieved positive economic growth.

1. Development Properties

In 2020, the central government adhered to the principle of “housing properties are for accommodation, not speculation”, and such fundamentals of the real estate market regulation remained unchanged. In the first half of the year, due to the impact of the Novel Coronavirus Pneumonia pandemic, downward pressure on the economy increased. Local governments successively introduced policies to support the real estate industry, which made the real estate market regain its momentum. Commencing from the second half of the year, the central government emphasized that the real estate would no longer be used as a means to stimulate the economy in short run. With the continuous enhancement of financial regulation over the real estate industry and the pilot implementation of “three red lines”, many cities upgraded their regulation policies, to push the market to return rational. In general, the transaction scale and the average transaction price of commodity housing increased slightly for the whole year, and for the land market, the scale of residential land transactions, the average floor price of transactions and the average premium rate increased slightly.

Among the first-tier cities, the average transaction price of the commodity housing market in Beijing increased significantly, and the transaction scale dropped slightly. The overall supply exceeded demand, and the inventory level still stayed high; both the transaction volume and price of the commodity housing market in Guangzhou significantly increased. The average transaction price of commodity housing market in second-tier cities rose slightly while the transaction volume fell mildly, and the differentiation in cities lasted. The average transaction price of commodity housing in third-tier cities maintained stable with a slight increase, and the transaction volume was up modestly.

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	734	-7.1	3,132	3.2	42,658	11.2
Guangzhou	1,223	10.5	3,316	24.8	27,112	12.9
Changsha	2,047	2.0	1,865	13.0	9,112	10.8
Wuhan	2,252	-24.5	3,305	-19.9	14,672	6.1
Hangzhou	1,472	14.6	3,970	16.6	27,614	4.1
Suzhou	1,994	0.5	3,692	5.7	18,518	5.2
Ningbo	1,531	6.4	2,712	18.1	17,718	11.0
Nanjing	1,214	6.7	3,056	38.3	25,175	29.6
Hefei	1,300	12.5	1,984	21.9	15,267	8.4
Chengdu	2,827	10.2	3,740	24.3	13,231	12.8
Chongqing	4,815	-6.5	4,293	-3.7	8,872	2.5
Langfang	716	8.3	895	22.7	12,497	13.3
Wuxi	1,359	9.6	2,176	22.5	16,013	11.8
Haikou	372	-0.5	613	5.4	16,494	6.0
Meishan	736	35.2	597	30.6	8,107	-3.4
Yuyao	222	37.3	281	53.4	12,672	11.7

Sources: CREIS China Index Database.

2. Investment Properties (Including Hotels)

Affected by the Novel Coronavirus Pneumonia pandemic, in 2020, due to the cancellation or postponement of many large-scale exhibition activities and conferences 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 convention and exhibition enterprises actively carried out online business and a series of online conferences and exhibitions arose at an opportune time. The vacancy rate of the office building market in Beijing rose slightly and the average rental fell significantly. As for the apartment market, there was lack of impetus for new lease and lease expansion, resulting in escalating vacancy rate.

II. MAJOR BUSINESS CONDITIONS DURING THE REPORTING PERIOD

In 2020, in the face of complicated and severe economic situation and the outbreak of the pandemic, the Company coordinated the pandemic prevention and control and the resumption of work and production scientifically, adjusted and optimized its operation deployment, adhered to innovation which served as the driving force and explored its potentials in operation deeply, however, in the short term, the Company's performance was still significantly affected. During the Reporting Period, the Company recorded an operating revenue of RMB17,995,842,000, representing a year-on-year decrease of 10.57%. The Company's profit before tax and profit attributable to ordinary shareholders amounted to RMB1,512,580,000 and RMB21,658,000, respectively, representing a year-on-year decrease of 67.69% and 98.79%, respectively. In particular, the after-tax core operating results of the Company's principal activities (excluding losses arising from the changes in fair value) were RMB242,497,000, representing a year-on-year decrease of 85.52%. Losses (after tax) arising from the changes in fair value of investment properties were RMB220,839,000 during the period. Earnings per share were RMB0.0064.

1. Development Properties

In the face of the intensive introduction of the macro-control policies and the huge challenges posed by the prevention and control of the pandemic, the Company continued to advance the refined management, paid close attention to the development progress, and adjusted its marketing strategies as appropriate and thus, its operation experienced stabilities following some moderation.

In 2020, due to the impact of the development cycle, the areas to be settled of development properties and the percentage of products settled with high gross profit margin decreased, and impairment was provided for certain projects, operating revenue from development properties reached RMB16,156,245,000 (including parking spaces) and the profit before tax

was RMB1,592,006,000, representing a year-on-year decrease of 6.89% and 40.64%, respectively. During the Reporting Period, the new and resumed construction area of development properties was 7,330,000 square meters; the completed area was 2,220,000 square meters; the contracted sales amount and the sales area achieved RMB12.2 billion (including parking spaces) and 690,000 square meters, respectively.

Timely transforming marketing strategies. The Company scientifically deployed the strategy of “one policy for one city” and “one policy for one property” on the basis of in-depth study of macro policies and market situation, expanded marketing channels through online sales, sales live broadcast and the creation of “landmarks with internet celebrity” and other measures to preempt the backlog of customer resources during the pandemic and accelerate project turnover, and achieved a steady growth in contracted sales in the second half of the year. During the Reporting Period, contracted sales recorded from the Company’s projects in Changsha, Beijing, Chengdu, Ningbo and Wuxi amounted to RMB2.3 billion, RMB2.1 billion, RMB1.7 billion, RMB1.4 billion and RMB1.3 billion, respectively.

Prudently expanding land reserves. Under the pressure of intensifying market competition, the Company oriented itself towards the principles of deep urban exploration and precise land acquisition, established investment directions and investment standards in accordance with market development trends, which further strengthened its deep cultivation and forward-looking strategic deployment in first and second tier hotspots. During the Reporting Period, the Company acquired 5 prime land parcels in Guangzhou, Ningbo, Langfang, Haikou and Hangzhou, with a planned total floor area of 830,000 square meters. As at the end of the Reporting Period, the Company already established presence in 15 cities, namely Beijing, Guangzhou, Changsha, Wuhan, Hangzhou, Chengdu, Nanjing, Suzhou, Hefei, Langfang, Chongqing, Ningbo, Wuxi, Haikou and Meishan, with a total land reserve of 7,060,000 square meters, and possessed a total of 49 projects in the pipeline, under construction or for sale, with the planned total floor area of 20,090,000 square meters. Accordingly, the Company established a multi-level nationwide development layout covering a number of regions.

Continuously improving system construction. In strict compliance with the philosophy of “large-scale operation”, the Company has established a planned operating and management system centered on operation goals, with the planned management as the mainline and performance evaluation as the starting point. Meanwhile, it has established a model for the brand system of “ideal community” for NSREG from five dimensions of product development, quality control, property services, community support and community operation, which continuously consolidated its brand strength.

Table 2: Real Estate Projects during the Reporting Period

Unit: square meter

No.	Project name	Location	Operating state	Project status	Project interests	Total investment (RMB/100 million)	Actual investment amount during the Reporting Period (RMB/10 million)	Project area	Total floor area	Planned plot ratio-based gross floor area	Equity area held for development	Land area during the Reporting Period	New construction area during the Reporting Period	Accumulated development area	Floor area under construction during the Reporting Period	Completed area during the Reporting Period	Accumulated completed area	Saleable area during the Reporting Period	Contracted Area during the Reporting Period	Booked area during the Reporting Period	Booked revenue during the Reporting Period (RMB/1000)	Area to be booked at the end of the Reporting Period	
1	Beijing North Star Red Oak Villa	Changping, Beijing	Villa	Under Construction	100%	34.00	0.82	287,500	213,700	150,000	-	-	-	213,700	40,200	-	173,500	36,131	2,200	1,662	7,753	3,016	
2	Beijing North Star • Villa 1900	Shunyi, Beijing	Residence	Completed	100%	24.45	-	101,200	213,300	140,000	-	-	-	213,300	-	-	213,300	39,487	3,215	14,256	51,768	2,147	
3	Beijing Jinchun Mansion	Changping, Beijing	Residence	Under Construction	51%	53.17	3.85	86,600	283,200	170,400	86,900	-	3,100	283,200	283,200	-	-	-	190,508	40,922	-	-	46,081
4	Changsha North Star Delta	Changsha, Hunan	Residence, commercial and office building	Under Construction	100%	371.68	18.57	780,000	5,200,000	3,820,000	-	416,700	334,000	4,783,300	873,500	236,600	4,146,400	146,988	65,461	92,164	115,287	284,937	
5	Changsha North Star Central Park	Changsha, Hunan	Residence	Under Construction	51%	24.48	3.10	336,300	927,100	720,000	367,200	-	-	927,100	366,100	153,500	714,300	103,041	66,431	123,287	97,712	65,423	
6	Changsha North Star Shiqiangli	Changsha, Hunan	Residence and commercial	Under Construction	100%	13.07	2.06	27,700	145,400	107,900	-	-	-	145,400	145,400	-	-	69,007	46,036	-	-	49,298	
7	Wuhan North Star Guangli	Wuhan, Hubei	Commercial Service	Under Construction	51%	17.31	2.70	84,200	492,000	337,000	171,900	135,000	-	357,000	357,200	282,100	282,100	51,482	6,772	9,329	14,546	57,535	
8	Wuhan Blue City	Wuhan, Hubei	Residence and commercial	Under Construction	100%	105.72	9.65	353,000	980,100	716,000	-	234,700	-	745,400	508,000	379,200	616,600	91,402	23,706	1,088	1,026	259,199	
9	Wuhan Gemdale • North Star • China Chic Peacock Shui	Wuhan, Hubei	Residence	Under Construction	51%	20.99	1.53	41,800	178,900	127,000	64,900	-	-	178,900	178,900	48,000	48,000	38,780	22,394	-	-	106,720	
10	Wuhan North Star	Wuhan, Hubei	Residence	Under Construction	60%	10.79	1.20	73,200	220,400	172,800	103,700	-	-	220,400	220,400	-	-	52,189	6,982	-	-	81,830	
11	Wuhan North Star	Wuhan, Hubei	Residence and commercial	Under Construction	80%	16.00	1.48	50,500	177,200	126,200	101,000	-	-	177,200	177,200	-	-	25,738	4,964	-	-	4,964	
12	Jingxiyu+ (Lot 067)	Wuhan, Hubei	Residence and commercial	Under Construction	80%	12.96	1.50	63,200	227,700	158,000	126,500	-	-	227,700	227,700	-	-	-	-	-	-	-	-
13	Wuhan North Star Jingxiyu+ (Lot 068)	Wuhan, Hubei	Residence and commercial	Under Construction	49%	18.72	1.60	50,500	212,100	151,400	74,200	-	-	212,100	212,100	-	-	67,817	22,783	-	-	-	-
14	Hangzhou North Star Shuishan Project	Hangzhou, Zhejiang	Residence and commercial	Completed	80%	22.09	0.89	83,900	317,500	215,000	188,000	-	-	317,500	-	-	317,500	8,407	609	1,978	5,764	562	
15	Hangzhou Guosongli	Hangzhou, Zhejiang	Residence	Completed	100%	16.27	1.33	21,900	69,900	48,200	-	-	-	69,900	-	-	69,900	717	184	31,910	102,767	8,571	
16	Hangzhou North Star Lingchao Mansion	Hangzhou, Zhejiang	Residence	Under Construction	100%	11.03	1.70	12,200	44,400	25,700	-	-	-	44,400	44,400	-	-	-	-	-	-	-	-

No.	Project name	Location	Operating state	Project status	Project interests	Total investment (RMB/100 million)	Actual investment amount during the Reporting Period (RMB/100 million)	Project area	Total floor area	Planned plot ratio based gross floor area	Equity area held for development	Land area	New construction area during the Reporting Period	Floor area under construction during the Reporting Period	Completed area during the Reporting Period	Accumulated completed area	Saleable area during the Reporting Period	Contracted Area during the Reporting Period	Booked area during the Reporting Period	Booked revenue during the Reporting Period (RMB/1000)	Area to be booked at the end of the Reporting Period	
17	Hangzhou Fuyang Project ▲	Hangzhou, Zhejiang	Residence	In the pipeline	100%	36.75	9.75	69,000	278,200	179,500	-	278,200	-	-	-	-	-	-	-	-	-	-
18	Ningbo Beichuan	Ningbo, Zhejiang	Residence	Completed	100%	46.49	6.22	47,300	189,700	137,400	-	189,700	-	-	-	189,700	48,179	37,805	111,415	327,177	1,334	
19	Ningbo Mansion • Jintian	Ningbo, Zhejiang	Residence and commercial	Completed	51%	34.62	3.20	133,000	404,800	292,500	149,200	404,800	-	404,800	-	404,800	2,714	1,775	251,017	582,777	-	-
20	Ningbo Yuyao Project ▲	Yuyao, Zhejiang	Residence	Under construction	100%	21.82	11.44	68,700	166,500	116,800	-	166,500	-	166,500	-	-	-	-	-	-	-	-
21	Suzhou Granham Mansion	Suzhou, Jiangsu	Residence and commercial	Under Construction	100%	64.51	6.77	170,000	392,900	268,800	-	392,900	-	392,900	85,400	85,400	96,709	6,831	1,793	3,326	38,256	
22	Wuxi Tianyi Jintian	Wuxi, Jiangsu	Residence	Completed	49%	28.60	1.89	88,000	255,400	196,000	96,000	255,400	-	131,900	131,900	255,400	548	548	-	-	-	-
23	Wuxi Times City	Wuxi, Jiangsu	Residence	Under Construction	49%	46.79	2.97	137,900	354,400	413,800	165,500	354,400	-	345,100	160,000	350,300	350,300	101,253	90,314	-	-	-
24	Chengde North Star • Xianglu	Chengde, Sichuan	Residence and commercial	Completed	100%	18.35	0.49	40,400	148,300	96,900	-	148,300	-	-	-	148,300	4,512	347	420	1,777	313	
25	Chengde North Star • South Lake Xianglu	Chengde, Sichuan	Residence	Completed	100%	29.16	3.03	88,000	297,100	210,000	-	297,100	-	147,700	147,700	297,100	23,100	7,894	94,571	107,965	5,112	
26	Chengde North Star Royal Palace	Chengde, Sichuan	Residence and commercial	Completed	100%	17.28	2.86	26,600	120,000	79,800	-	120,000	-	120,000	120,000	120,000	-	19,013	21,142	35,760	9,785	
27	Chengde North Star Luning Mansion	Chengde, Sichuan	Residence and commercial	Under Construction	80%	23.78	3.19	80,100	227,100	160,300	128,200	-	227,100	227,100	-	-	-	68,178	56,123	-	56,123	
28	Sichuan North Star Gousonglu	Meishan, Sichuan	Residence and commercial	Completed	100%	16.24	3.11	59,900	197,400	149,800	-	197,400	-	197,400	197,400	197,400	104,312	24,080	49,451	38,576	8,457	
29	Sichuan North Star Longtai	Meishan, Sichuan	Residence and commercial	Under Construction	100%	10.94	-	69,900	126,600	84,000	-	126,600	-	126,600	-	-	-	-	-	-	-	-
30	Langfang North Star Xianglu	Langfang, Hebei	Residence and commercial	Under Construction	100%	25.73	3.36	140,700	357,700	296,800	-	357,700	-	357,700	95,700	95,700	93,700	85,528	9,933	32,278	48,502	
31	Langfang North Star Blue City (Lot 2019-3)	Langfang, Hebei	Commercial	In the pipeline	100%	5.75	5.61	21,100	72,800	52,800	72,800	-	-	-	-	-	-	-	-	-	-	-
32	Langfang Lot 2020-5 Project ▲	Langfang, Hebei	Residence	In the pipeline	100%	13.43	-	46,200	138,300	92,000	138,300	-	-	-	-	-	-	-	-	-	-	-
33	Hebei North Star CHE Park	Hebei, Anhui	Residence and commercial	Completed	50%	21.07	1.19	141,700	356,200	239,000	119,500	-	356,200	55,900	55,900	356,200	22,160	18,628	22,224	41,844	14,040	
34	Chongqing Yuelai No.1 Mansion • Juzhou	Yubei, Chongqing	Residence and commercial	Under Construction	100%	100.66	7.08	429,100	1,274,000	918,000	-	372,000	-	902,000	725,200	59,200	256,000	128,014	57,856	7,795	155,515	
35	Chongqing North Star Xianglu	Yubei, Chongqing	Residence	Under Construction	100%	21.93	3.51	68,200	150,400	102,200	-	150,400	150,400	150,400	-	-	-	-	-	-	-	-
36	North Star Mansion in Haikou	Haikou, Hainan	Residence and commercial	Under Construction	70%	41.91	4.39	106,800	265,400	206,000	144,200	29,200	-	234,200	71,500	71,500	97,837	46,148	13,176	21,134	58,962	
37	Haikou Changyiu Shiji ▲	Haikou, Hainan	Residence	In the pipeline	100%	12.28	4.59	30,500	139,400	106,800	-	139,400	-	-	-	-	-	-	-	-	-	-

No.	Project name	Location	Operating state	Project status	Project interests	Actual investment amount during the Reporting Period (RMB/100 million)		Planned plot ratio-based gross floor area	Total floor area	Equity area held for development	Land area during the Reporting Period	New construction area during the Reporting Period	Floor area under construction during the Reporting Period	Completed area during the Reporting Period	Accumulated completed area	Saleable area during the Reporting Period	Contracted Area during the Reporting Period	Booked area during the Reporting Period	Booked revenue during the Reporting Period	Area to be booked at the end of the Reporting Period	
						Total investment (RMB/100 million)	Reporting Period (RMB/100 million)														
38	Guangzhou Laning Xianglu (Lot 116)	Guangzhou, Guangdong	Residence and commercial	Under construction	51%	17.56	0.48	25,900	112,800	77,800	39,700	-	112,800	-	-	-	-	-	-	-	-
39	Guangzhou Laning Xianglu (Lot 114)▲	Guangzhou, Guangdong	Residence and commercial	Under construction	49%	9.96	0.90	25,100	110,300	76,600	37,500	-	110,300	-	-	-	-	-	-	-	-

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 7,056,500 square meters, representing a year-on-year decrease of 1.80%; equity land reserve was 6,274,100 square meters, representing a year-on-year decrease of 4.46% and the newly added real estate reserve was 832,600 square meters, representing a year-on-year increase of 96.97%;

New construction area was 1,099,700 square meters, representing a year-on-year decrease of 41.83%; area for new and resumed construction was 7,333,100 square meters, representing a year-on-year decrease of 15.70%; the completed area was 2,221,900 square meters, representing a year-on-year decrease of 16.75%;

Sales area was 692,200 square meters, representing a year-on-year decrease of 45.08%; sales amount was RMB12,208,000,000, representing a year-on-year decrease of 35.73%; settlement area was 881,000 square meters, representing a year-on-year decrease of 31.80%; the settlement amount was RMB16,156,000,000, representing a year-on-year decrease of 6.89%; the area to be booked as at the end of the Reporting Period was 1,371,000 square meters, representing a year-on-year decrease of 18.93%.

2. Investment Properties (Including Hotels)

Since the beginning of the year, the pandemic has brought a huge impact to the Company's investment properties, especially in the first half of the year, the convention and exhibition and hotel were almost stagnated, and the demand for office buildings and apartments was sluggish. The Company fully utilized the window period when the pandemic eased in the second half of the year to seize the performance, and minimize the impact of the pandemic.

In 2020, the operating revenue and profit before tax from investment properties (including hotels) reached RMB1,738,134,000 and RMB94,206,000, respectively, representing a year-on-year decrease of 34.67% and 88.55%, respectively. The assessment impairment for this period was RMB294,452,000.

Servicing international communication, enhancing the brand influence of North Star Events. Under the favorable background of continuously promoting China's opening up to the outside world at a higher level and constructing a domestic and international dual circulation, the Company made use of its expertise and integrated the convention and exhibition business more closely into the new development pattern. During the Reporting Period, North Star Events Group overcame the impact of the pandemic and provided services to guarantee the 2020 China International Fair for Trade in Services (hereinafter referred to as the "CIFTIS"), one of the three major exhibition platforms for China's opening up, and was invited to undertake some major guarantee tasks for the 3rd China International Import Expo, fully fulfilling its responsibility for serving both the great power diplomacy with Chinese characteristics and the construction of the capital's international communication center. It has shaped a first-class image of China's services on the international arena, and has also accumulated valuable experience for the development of the convention and exhibition industry in the post-pandemic era.

Adjusting the business strategies and exploring the potential of asset-heavy investment business. On the basis of the normalization of the prevention and control of the pandemic, the Company explored and innovated business concept and strived to take the initiative to turn crises into opportunities. The convention and exhibition business accelerated the science and technology empowering, and during the Reporting Period, the Company reached cooperation with Tencent WeSee to jointly build an online cloud convention and exhibition platform, and made all-round in-depth experience of the platform module functions through the "cloud display", "cloud forum" and "cloud negotiation" during the CIFTIS, extended the service content of the convention and exhibition industrial

chain, continuously explored innovative profit models and speeded up the construction of green, efficient and smart convention and exhibition; the office building business strengthened online marketing, established a regular property description mechanism with internationally renowned agencies, and effectively expanded customers in the industries of the internet, games, online education and other categories while focusing on increasing customer stickiness through humanized customer care services and accurate solutions for the sore points, the renewed lease area of the office buildings reached above 90% during the Reporting Period; the hotel and apartment business conformed to the changes in consumption patterns and habits of the residents under the pandemic, and enhanced market competitiveness by ways such as expanding the outdoor catering consumption areas, setting up catering retail windows and online live marketing. In addition, the Company adjusted its overhaul and renovation plan in a timely manner, and made necessary renovations and upgrades to the key equipment and facilities of investment properties such as hotels and apartments during the operation gap period, so as to provide practical guarantee for the continuous improvement of the quality of operation services.

Optimizing the layout of the industrial chain and conducting innovative development of asset-light service business. Riding on the professional experience accumulated for years and the resource endowment of the brand of North Star Events, the Company further extended the layout of convention and exhibition industrial chain by focusing on the operation with light asset.

The operation and management of the Company's convention and exhibition venues as well as hotel branding have been steadily advancing. During the Reporting Period, North Star Events Group entered into contracts in respect of entrusted management for 3 venues, namely Hangzhou Future Sci-Tech City Academic Exchange Center (杭州未來科技城學術交流中心), Nanjing Yangtze River International Convention Center (南京揚子江國際會議中心) and Pinggu Jinhai Lake International Convention and Exhibition Center (平谷金海湖國際會展中心), and entered into 12 new consulting projects for convention and exhibition venues and hotels located in 11 provinces, autonomous regions and municipalities such as Xiong'an, Shanghai, Shenzhen, Zhuhai, Hangzhou and Guangzhou, achieved a record highest ever over the years. 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 3.10 million square meters and 22 contracted hotels under entrusted management. North Star Events 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.

The online and offline connectivity was accelerated for the convention hosting and undertaking businesses. The Company 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, the Company undertook the “China Digital Creative Technology Exhibition and 2020 CGF China Animation Comic Game Festival Online Cloud Exhibition (中國數字創意科技展暨2020 CGF中國遊戲節Online雲展)”, the “2020 Western China (Chengdu) International Supply Chain and Logistics Technologies and Equipment Expo (2020中國西部(成都)國際供應鏈與物流技術裝備博覽會)” and the “2020 Beijing International Beauty Expo Online & Offline Series Exhibition (2020北京國際美博會線上線下系列展會)”. The Company actively participated in the construction and research of regional convention and exhibition platforms system and made fruitful achievements in its convention and exhibition research and development business. During the Reporting Period, the Company undertook more than 20 research projects in relation to the convention and exhibition industry for the Ministry of Commerce, the CCPIT, the Bureau of Commerce of Beijing, the Bureau of Commerce of Shunyi District, the Bureau of Commerce of Pinggu District and other organizations, which covered various fields such as the development model of the CIFTIS, the innovative model of online exhibitions, and the impact of the pandemic on the convention and exhibition industry, and made more than 22 research results including research reports.

Table 3: Leasing of Real Estate during the Reporting Period

Unit: 0'000 Currency: RMB

No.	Region	Project	Operation format	Construction area of the real estate leased (square meter)	Rental income of the real estate leased	Equity porportion (%)
1	No. 7 Tian Chen Dong Road, Chao Yang District, Beijing	China National Convention Center	Convention and exhibition	270,800	54,018	100
2	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Beijing International Convention Center	Convention and exhibition	58,000	7,816	100
3	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Bin Plaza	Office building	37,800	6,265	100

4	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Xin Plaza	Office building	40,900	4,849	100
5	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	North Star Times Tower	Office building	131,300	16,914	100
6	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	North Star Century Center	Office building	149,800	27,406	100
7	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Zhen Building Property	Office building	8,400	1,961	100
8	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Beijing Continental Grand Hotel	Hotel	42,000	4,568	100
9	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	National Convention Centre Hotel	Hotel	42,900	3,211	100
10	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	V-Continent Beijing Parkview Wuzhou Hotel	Hotel	60,200	4,359	100
11	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	Intercontinental Beijing North Star Hotel	Hotel	60,000	1,636	100
12	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Intercontinental Changsha	Hotel	79,200	15,392	100
13	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Yuan Apartment	Apartment	184,300	15,465	100
14	A13 Beiyuan Road, Chao Yang District, Beijing	B5 Commercial Area of North Star Green Garden	Commercial	49,700	3,322	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 above-mentioned properties items 2, 3, 7, 8, 10 and 13 are erected on land leased from BNSIGC for a rental of RMB16,902,849 for the year 2020.

Chart 1: Entrusted management projects of the Company as at the end of 2020



Table 4: Breakdown table of entrusted management projects of the Company as at the end of 2020

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

No.	Convention and exhibition venue projects under entrusted management	Hotel projects under entrusted management
9	Nantong International Convention & Exhibition Center and ancillary hotels	North Star V-Continent Wanquan Hotel
10	Fuzhou Digital China Convention & Exhibition Center	North Star V-Continent Huai'an Garden-style Hotel
11	Chongli International Convention & Exhibition Center and ancillary hotels	North Star V-Continent Nanjing Wangyudao Garden-style Hotel
12	Weihai International Economic and Trade Exchange Center and ancillary hotels	North Star V-Continent Wuhan China Communications City Crown Hotel
13	Hangzhou Future Sci-Tech City Academic Exchange Center	North Star V-Continent Zhuhai Crown Hotel
14	Nanjing Yangtze International Convention Center	Guangzhou Xiangxue V-Continent Crown Hotel
15	Pinggu Jinhai Lake International Convention and Exhibition Center	North Star V-Continent Tonghua Wanfeng Crown Hotel
16		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)

3. Nurturing Business

In the context of consumption upgrade and population aging, the Company has made in-depth exploration of the industry model of real estate + elderly care, and established North Star ORPEA International Elderly Nursing Center. By introducing the operation and management standards of the French ORPEA, the Company has created professional high-quality elderly care service and elderly care institution product featuring “Beijing Style Service”. The center has rapidly grown into a demonstration base for elderly care service in central China.

4. Financing Work

Despite of the continuous tightening of financing environment for the real estate sector, due to the Company's good credit status, during the Reporting Period, an upward adjustment was made to the corporate credit rating of the Company from AA+ to AAA, and the Company issued corporate bonds amounting to RMB600 million and medium-term notes amounting

to RMB260 million during the year; meanwhile, the Company made use of diversified financing models such as “headquarters financing” flexibly, which provided a medium and long-term stable source of funds for the project development and construction of the Company.

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
2,896,755	5.96	169,546

5. Investor Relations

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

6. Fulfill social responsibility and promote sustainable development of the Company

2020 was the year during which China achieved the target of building itself into a moderately prosperous society in all respects and a decisive year for China to win the battle of poverty alleviation. In the year, the Company actively fulfilled its social responsibilities, helped with poverty alleviation, provided support for the green and environmental protection cause, and made significant achievements in such causes. During the Reporting Period, the Company made a donation of RMB950,000 to Beijing Chunmiao Charity Foundation to fund the “Chunmiao Children Care Center” (春苗兒童關愛中心), so as to provide relief for orphans, children in need, seriously ill children and preterm children; actively purchased products for poverty alleviation and helped sell such products with an amount of RMB6.806 million through cooperation with Beijing Entrepreneurship and Innovation Center for Poverty Alleviation through Consumption (北京市

消費扶貧雙創中心), achieving poverty alleviation through consumption and then through industrial development; assisted in the development of the husbandry industry in Chicheng County, Hebei Province, established workshops for poverty alleviation through industrial development, helped the farmers realize centralized breeding, provided 170 special posts for poverty alleviation to poverty-stricken households, which helped Chicheng County complete its annual target for poverty alleviation ahead of schedule; adhered to green development which served as guidance, carried out various environmental protection work effectively, with a surplus of carbon dioxide emission quota amounting to 9,272 tons for the year; volunteered to provide assistance to small and micro enterprises and spared no effort to provide rental reduction and exemption for more than 1,200 qualified small and medium-sized enterprises; further, with sustainable development as its target, the Company has disclosed its “Social Responsibility Report” (namely environmental, social and governance report) for eleven consecutive years and has incorporated the essence of sustainable development into its daily operation and management, and with its solid comprehensive capabilities, the Company was awarded the “ESG Outstanding Enterprise of the Year 2020” (2020年度ESG卓越企業).

III. INDUSTRY LANDSCAPE AND TREND

In 2021, by adhering to the general principal of seeking progress while maintaining stability, China will build on the new development stage, implement new development philosophy and establish a new development pattern, with promotion of high-quality development as the theme, deepening supply-side structural reform as the main task, and reform and innovation as the fundamental impetus, so as to consolidate and extend achievements in pandemic prevention and control and economic and social development, strive to maintain economic operation within a reasonable range, and ensure a good start for the “14th Five-Year Plan”.

As for development properties, under the general keynotes of “housing properties for accommodation, not speculation”, China will continue to implement different policies for different cities to stabilize the land premium, house price and market expectations, address the prominent housing problem in big cities and guarantee the housing demand of the public. In addition, China has accelerated the establishment of a housing system with multiple house suppliers, various guarantee channels, and houses for rent and purchase, and gradually forms a package of policy instruments covering finance, land, finance and taxation, housing security, and market management, to maintain the continuity and stability of the policies and create a good environment for the long-term, stable and healthy development of the real estate industry.

As for investment properties, as the domestic pandemic has been effectively controlled, companies have actively resumed work and production, and people's lives have become normal. Economic activities have steadily resumed. China will regulate and develop the long-term rental housing market and reduce the tax burden on rental housing, providing a sound policy environment for the apartment market. Meanwhile, pursuant to the Notice of the General Office of the Ministry of Commerce on Innovating Exhibition Service Models and Cultivating New Driving Forces for the Development of the Exhibition Industry (《商務部辦公廳關於創新展會服務模式培育展覽業發展新動能有關工作的通知》), it is proposed to accelerate the transformation, upgrading and innovative development of the exhibition industry, and give full play to the important role of the exhibition industry in expanding opening up, stimulating consumption growth and other aspects. Based on the support of relevant national policies, the investment property business such as conventions and exhibitions, hotels and office buildings will have broader room for development and new opportunities.

IV. DEVELOPMENT STRATEGY OF THE COMPANY

In 2021, the Company will, with “operation with light asset, support by new economy, expansion at low cost and development of high-end service industry” as the guide and further focus on convention and exhibition and real estate as the principal business, continue to optimize capital distribution, accelerate the pace of innovation and reform, and highlight high-quality development, striving to build itself into an international first-class convention and exhibition brand enterprise and a leading composite real estate brand enterprise in the PRC.

1. Development Properties

In respect of development strategies, the Company will continue to monitor macro policies and the industrial development trend and seize the structural opportunities arising from the market fragmentation, in order to achieve precise investment deployment. As for key areas such as Beijing, Tianjin and Hebei, the Yangtze River Delta, the central China, Guangdong, Hong Kong, Macao as well as Chengdu-Chongqing circle which have strong economic vitality and high population density, the Company will increase its research efforts, adhere to regional deep cultivation, adopt one policy for one city, and expand land reserves in a scientific and prudent way. In terms of project operation, the Company will, while optimizing project development speed and cash repayment ratio, strengthen cost management and control, improve the refined management level, and create high-quality products and services, so as to enhance the overall competitiveness of the enterprise. As for innovation in the development model, the Company will give full play to the advantages of multi-business, multi-field and multi-regional layout, and seek new opportunities arising from collaborative development, enhance the pooled effects of all lines and provide new driving force to the high-quality development of the Company through organic integration and interaction of real estate development and convention and exhibition, health and elderly care, and other business lines.

2. Investment Properties (Including Hotels)

In the context of the coordinated development of Beijing, Tianjin and Hebei, and the strengthened construction of the “Four Centers” and improvement of the level of the “Four Services” of Beijing, the Company will, in terms of convention and exhibition business, further strengthen upstream business, enhance midstream business, and expand downstream business, to accelerate the formation of an industrial space layout featuring “three main business, one auxiliary business and multiple drivers” with upstream hosting business, high-end summit undertaking service and venue operation business as the main business, convention and exhibition research business as the auxiliary business, and business development in other convention and exhibition-related fields as multiple drivers, in order to continuously improve the level of marketization, professionalization, branding, and internationalization development of the convention and exhibition high-quality, while taking convention and exhibition as a lead to drive the synergetic development of hotels, office buildings, apartments and other business, the Company will condense the brand value of North Star Events and build a competitive convention and exhibition industrial complex.

3. Nurturing Business

The North Star ORPEA International Elderly Nursing Center (北辰歐葆庭國際頤養中心) in Changsha is a beneficial exploration and in-depth implementation of the Company’s elderly care industry model. Apart from accumulating its own service management experience in existing elderly care project and forming a sound elderly care system, the Company should also closely integrate with the Company’s layout of the real estate segment, and develop whole-age community elderly nursing service groups and urban embedded elderly service apartments, exploring a sustainable commercial model of elderly care real estate.

4. Financing and Capital Expenditure

The Company will actively carry out multi-channel and multi-way financing, further strengthen risk prevention and control, and fully utilize the advantages of the “headquarters financing” mode, to decrease finance costs, and perform the management and control of both debt scale and asset-liability ratio in a satisfactory manner, so as to maintain financial stability.

In 2021, the Company’s investment in fixed assets is expected to be RMB850 million, which will be paid according to project progress and funded by internal resources.

V. SCHEME OF OPERATIONS

In 2021, it is estimated that new construction area of the Company's development properties will be 740,000 square meters, the area for new and resumed construction will be 5,850,000 square meters and the completed area will be 2,020,000 square meters. Overcoming the impact of the regulation policy on real estate industry, the Company will strive to achieve sales of 1,060,000 square meters with contracts signed (including parking spaces) amounting to RMB19 billion in 2021.

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

VI. POTENTIAL RISKS FACED BY THE COMPANY

1. Risks in relation to the Novel Coronavirus Pneumonia pandemic

In early 2020, the outbreak of the Novel Coronavirus Pneumonia pandemic has caused relatively material impacts on the economy of China. All industries including the real estate industry and service industry have been subject to the impacts of different levels. Due to the outbreak of the pandemic and the implementation and normalization of pandemic prevention and control, 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 established and improved the pandemic prevention and control mechanism, coordinated and implemented the pandemic prevention and control work. In addition, the Company will actively take effective measures to minimize or eliminate possible adverse impacts of the pandemic on the production and operation of the Company in accordance with the development of the pandemic. In particular, in respect of development properties, on the one hand, the Company will seize market opportunities and promote sales through multiple channels by formulating 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 and stabilize and attract customers by optimizing services, so as to consolidate existing businesses, while striving to expand new projects; on the other hand, it will actively explore digital transformation of traditional exhibition projects, and a new model of synchronous interaction between, and organic integration of, online and offline exhibitions.

2. Policy Risks

The development of the 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 on real estate companies in terms of land acquisition, project development and construction, sales, fundraising, etc.

In response to the aforesaid risks, for the purpose of development properties, the Company's will conduct further analysis on national macro policies, pay close attention to market changes, improve its responsiveness to policies and market changes, and place importance on risk management and control during the fast development of business, so as to minimize risks to 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 in increasing 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.

In response to the aforesaid risks, the Company will pay close attention to the development trend of the market, enhance the evaluation on the newly entered cities, and select cities and regions in which market is mature with favorable investment atmosphere and a relatively rational net inflow of population and housing price-to-income ratio. The Company will 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. Short-term Risks of Talent Reserve

As the Company has continuously strengthened its national business layout for real estate development and steadily advanced the entrusted management of the convention and exhibition venues and hotels and other businesses,

which has led to soaring demands for all kinds of talents, especially people with expertise and senior management personnel, the Company may be exposed to the risk of talent shortage in the near future.

In response to the aforesaid risks, the Company set up a talent work leading group to promote the construction of a high-quality and professional leadership team and select and form a high-caliber talents team by taking measures including internal promotion and cultivation and market-based recruitment as well as providing training to corporate leaders and young talents, and to expand talents reserve by nurturing professional talents for the Convention Group and practical talents for the Real Estate Group.

VII. ANALYSIS ON CORE COMPETITIVENESS

In recent years, under the real estate policy of “preventing risks and safeguarding people’s livelihood”, “housing properties for accommodation, not speculation” has become the main tone of macro-control, and the real estate industry is gradually showing a trend of change from incremental to stock and from financialization attributes to product attributes. In the meantime, with the deepening of the new urbanisation process and the rapid development of the digital economy, the real estate industry has entered a new development stage with opportunities and challenges coexisting.

Under such sectoral background, the Company’s comprehensive operating capacity in the real estate market and the comprehensive brand influence of its convention and exhibition business have become its advantages and core competitiveness. The real estate development business, presenting in multi-type large-scale form, has become the source of revenue growth, and the convention and exhibition business, with its brand effect accumulated over years through serving high-end political and state-level activities and events, drives synergetic development of office building, apartment and hotel businesses and provides a basis for stable income for the Company. Such two segments are interdependent and mutually reinforcing, thus increasing the anti-risk capacity of the Company.

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

Guangzhou, Changsha, Wuhan, Hangzhou, Chengdu, Nanjing, Suzhou, Hefei, Langfang, Chongqing, Ningbo, Wuxi, Haikou, and Meishan, representing the Company's foundations and professional capability for nationwide development.

On the other hand, as one of the PRC's largest exhibition venues operators, the Company boasts the ability in high-end exhibition and hotel operation and services, and enjoys high brand awareness and influence in the industry. The Company holds and operates more than 1.2 million square meters of investment properties (including hotels) in the Asian-Olympic core district. With more than 20 years of experience in exhibition and hotel operation and the ability in providing internationalized professional operation services, it has successfully delivered hosting services for an array of national, integrated and international conferences such as the Olympic Games, APEC summit, CIFTIS, G20 Hangzhou Summit and Belt and Road Forum for International Cooperation, BRICS Xiamen Summit, China-Arab States Expo, the Qingdao Summit of Shanghai Cooperation Organization, Beijing Summit of the Forum on China-Africa Cooperation, the first session of United Nations World Geospatial Information Congress and the eighth Beijing Xiangshan Forum, International Horticultural Exhibition Beijing China and Conference on Dialogue of Asian Civilizations, creating a globally renowned service brand of North Star. In the meantime, the Company takes the North Star Events Group as the platform to scientifically integrate its industrial resources such as exhibitions, hotels, and information services, thereby carrying out exploration and practice for the whole value chain covering the operation and management of convention and exhibition venues as well as hotel branding, sponsoring and undertaking of conventions and exhibitions, informationization of convention and exhibition, and research and development on exhibitions, creating huge rooms for the Company's full integration and innovative development of its exhibition economy and new economy, new technologies and new business.

In the future, the Company will sustain the overall development path featuring "operation with light asset, support by new economy, expansion at low cost and development of high-end service industry", in a great effort to develop itself into an international first-class exhibition-brand enterprise and a nationally leading composite real estate brand.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2020, the equity attributable to ordinary shareholders of the Company amounted to RMB20,783,314,000, representing a decrease of 2.00% as compared to 31 December 2019.

The Group's bank and other borrowings as at 31 December 2020 amounted to RMB22,979,490,000. As at the end of the year, net values of the Group's 5-year corporate bonds, 7-year corporate bonds, 5-year medium-term notes and 2-year

medium-term notes were RMB2,148,733,000, RMB1,495,129,000, RMB1,116,267,000 and RMB258,933,000, respectively. Asset-backed securities were RMB969,000,000 at the end of the year.

Current assets of the Group, which mainly comprised cash at bank and on hand, completed properties held for sale and properties under development, amounted to RMB74,590,824,000, whereas the current liabilities amounted to RMB41,545,833,000. As at 31 December 2020, balances of cash at bank and on hand amounted to RMB10,830,539,000 (excluding restricted bank deposits) and none of the bonds in issue were exposed to redemption and payment risks. During the year, the Company did not engage in any transaction on financial products or derivative instruments.

As at 31 December 2020, the Group had secured borrowings from banks and other financial institutions of RMB15,086,730,000 with certain investment properties, hotel properties, properties under development and completed properties held for sale as the collaterals. The asset-liability ratio calculated by total liabilities divided by total assets for the Group was 73% as at the end of the Reporting Period (31 December 2019: 74%).

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

Save for the mortgage guarantee provided for the home buyers and the financing guarantee provided for the joint venture company in proportion of its shareholding, the Company did not have any other contingent liabilities during the year.

PROVISION FOR IMPAIRMENT OF INVENTORIES

During the Reporting Period, after having comprehensively taken into account the market conditions of the real estate project location, project positioning, development and sales plans and other factors, the Company performed the impairment tests on the net realisable value of its projects, and made provision for the impairment of inventories whose cost is higher than its net realisable value. As confirmed by the test, the Company is required to make provision for the impairment of inventories for real estate projects of RMB891 million.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

DESIGNATED DEPOSITS AND OVERDUE FIXED DEPOSITS

As at 31 December 2020, the Group had no designated deposits placed with financial institutions in the PRC. All of the Group's cash deposits are placed with commercial banks in the PRC and are in compliance with applicable laws and regulations. The Group has not experienced any incidents of not being able to withdraw bank deposits upon maturity.

EMPLOYEES

As at 31 December 2020, the Company had 5,725 employees. The employee remuneration policy of the Company is that the total salary is paid with reference to its economic efficiency. Save for the remuneration policy disclosed above, the Company did not provide any share option scheme for its employees. The Company regularly provides its management personnel trainings on various subjects, including operation management, foreign languages, computer skills, industry know-how and policies and laws. The trainings are provided in different forms, such as seminars, site visits and survey tours.

CORPORATE GOVERNANCE CODE

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

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

AUDIT COMMITTEE

The Company has established an audit committee since September 2004. The audit committee comprises three independent non-executive directors, namely Mr. WU Ge (as chairman), Mr. FU Yiu-Man and Mr. GAN Pei-Zhong. Their duties include reviewing and supervising the Company's financial reporting process, risk management and internal control systems. The audit committee and the management have jointly reviewed the accounting principles and major policies adopted by the Group and have discussed matters on auditing, risk management, internal control and financial reporting, as well as reviewing the unaudited interim financial report and the audited annual financial statements of the Group. The audit committee has also reviewed the annual results and draft financial statements of the Group for the year ended 31 December 2020.

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

Beijing, the PRC, 24 March 2021

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