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

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

(Stock Code: 588)

2019 ANNUAL RESULTS ANNOUNCEMENT

Reference is made to the announcement made by Beijing North Star Company Limited (the “**Company**”) dated 30 March 2020 in relation to the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2019 (the “**Announcement**”).

The Board of Directors of the Company (the “**Board**”) is pleased to announce that the Company’s auditor, PricewaterhouseCoopers, has completed its audit of the consolidated financial statements of the Group for the year ended 31 December 2019 in accordance with Hong Kong Standards on Auditing (“**HKSA**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). And no material adjustments has been made to the 2019 annual results as set out in the Announcement.

The figures in respect of the Group’s consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in the Announcement have been agreed by the Company’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with HKSA, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the Announcement.

CONSOLIDATED INCOME STATEMENT

| | | Year ended 31 December | |
|--|------|-------------------------|-------------------------|
| | Note | 2019 | 2018 |
| | | RMB'000 | RMB'000 |
| Continuing operations | | | |
| Revenue | 2 | 20,122,314 | 17,859,790 |
| Cost of sales | 3 | <u>(13,912,152)</u> | <u>(12,375,886)</u> |
| Gross profit | | 6,210,162 | 5,483,904 |
| Selling and marketing expenses | 3 | (555,161) | (496,103) |
| Administrative expenses | 3 | (916,414) | (884,902) |
| Fair value gains on investment properties | | 146,641 | 112,196 |
| Net impairment losses on financial assets | | (14,845) | (6,458) |
| Other income | | 7,183 | 73,970 |
| Other gains – net | | <u>30,855</u> | <u>2,614</u> |
| Operating profit | | 4,908,421 | 4,285,221 |
| Finance income | 4 | 137,298 | 124,612 |
| Finance expenses | 4 | <u>(551,820)</u> | <u>(665,350)</u> |
| Finance expenses – net | 4 | (414,522) | (540,738) |
| Share of net profit of investments accounted for using the equity method | | <u>187,469</u> | <u>115,535</u> |
| Profit before income tax | | 4,681,368 | 3,860,018 |
| Income tax expense | 5 | <u>(2,579,488)</u> | <u>(1,606,703)</u> |
| Profit from continuing operations | | <u>2,101,880</u> | <u>2,253,315</u> |

CONSOLIDATED INCOME STATEMENT (CONTINUED)

| | <i>Note</i> | Year ended 31 December | |
|---|-------------|-------------------------|-------------------------|
| | | 2019 <i>RMB'000</i> | 2018 <i>RMB'000</i> |
| Loss from discontinued operation (attributable to ordinary shareholders of the Company) | | <u>(6,421)</u> | <u>(39,196)</u> |
| Profit for the year | | <u>2,095,459</u> | <u>2,214,119</u> |
| Attributable to: | | | |
| Ordinary shareholders of the Company | 6 | 1,788,709 | 1,403,430 |
| Holder of perpetual bond | | 116,859 | 7,059 |
| Non-controlling interests | | 189,891 | 803,630 |
| | | <u>2,095,459</u> | <u>2,214,119</u> |
| Earnings per share attributable to ordinary shareholders of the Company (basic and diluted) <i>(expressed in RMB cents per share)</i> | | | |
| From continuing operations | 6 | 53.31 | 42.84 |
| From discontinued operations | 6 | (0.19) | (1.16) |
| | | <u>53.12</u> | <u>41.68</u> |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Year ended 31 December | |
|---|------------------------|-----------------------|
| <i>Note</i> | 2019 | 2018 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Profit for the year | 2,095,459 | 2,214,119 |
| 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 | 619 | (3,844) |
| Income tax relating to these items | (68,838) | – |
| Other comprehensive income/(loss) for the year, net of tax | 207,134 | (3,844) |
| Total comprehensive income for the year | 2,302,593 | 2,210,275 |
| Attributable to: | | |
| Ordinary shareholders of the Company | 1,995,843 | 1,399,586 |
| Holder of perpetual bond | 116,859 | 7,059 |
| Non-controlling interests | 189,891 | 803,630 |
| | 2,302,593 | 2,210,275 |
| Total comprehensive income/(loss) for the year attributable to ordinary shareholders of the Company arises from: | | |
| Continuing operations | 2,002,264 | 1,438,782 |
| Discontinued operations | (6,421) | (39,196) |
| | 1,995,843 | 1,399,586 |

CONSOLIDATED BALANCE SHEET

| | | As at 31 December | |
|---|-------------|--------------------|-------------------|
| | <i>Note</i> | 2019 | 2018 |
| | | <i>RMB'000</i> | <i>RMB'000</i> |
| ASSETS | | | |
| Non-current assets | | | |
| Right-of-use assets | | 333,799 | — |
| Land use rights | | — | 294,514 |
| Investment properties | | 15,025,176 | 12,867,800 |
| Property, plant and equipment | | 2,125,927 | 2,324,215 |
| Investments accounted for using the equity method | | 463,981 | 327,773 |
| Deferred income tax assets | | 1,340,213 | 864,640 |
| Other receivables and prepayments | 8 | 299,963 | 254,952 |
| | | <u>19,589,059</u> | <u>16,933,894</u> |
| Current assets | | | |
| Properties under development | | 55,341,162 | 51,244,333 |
| Completed properties held-for-sale | | 5,342,597 | 9,102,815 |
| Other inventories | | 49,528 | 47,552 |
| Trade and other receivables and prepayments | 8 | 7,304,766 | 8,825,465 |
| Restricted bank deposits | | 3,035,938 | 1,904,818 |
| Cash and cash equivalents | | 11,775,741 | 11,851,788 |
| | | <u>82,849,732</u> | <u>82,976,771</u> |
| Total assets | | <u>102,438,791</u> | <u>99,910,665</u> |

CONSOLIDATED BALANCE SHEET (CONTINUED)

| | | As at 31 December | |
|---|------|-------------------|-------------------|
| | Note | 2019 | 2018 |
| | | RMB'000 | RMB'000 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Long term borrowings | | 22,046,678 | 19,768,944 |
| Loans from other parties | 9 | 1,434,826 | 5,031,574 |
| Employee termination benefit obligations | | 125,671 | 137,127 |
| Deferred income tax liabilities | | 2,156,777 | 2,004,066 |
| Lease liabilities | | 31,483 | — |
| Deferred income | | 1,943 | — |
| | | <u>25,797,378</u> | <u>26,941,711</u> |
| Current liabilities | | | |
| Trade and other payables | 9 | 10,599,741 | 9,130,120 |
| Loans/advances from other parties | 9 | 4,524,262 | 1,718,369 |
| Contract liabilities | | 24,287,096 | 28,444,766 |
| Current income tax liabilities | | 3,028,096 | 2,327,896 |
| Lease liabilities | | 25,744 | — |
| Current portion of long term borrowings | | 6,738,185 | 7,391,618 |
| Short term borrowings | | 900,000 | 1,100,000 |
| | | <u>50,103,124</u> | <u>50,112,769</u> |
| Total liabilities | | <u>75,900,502</u> | <u>77,054,480</u> |
| Net assets | | <u>26,538,289</u> | <u>22,856,185</u> |
| EQUITY | | | |
| Share capital | | 3,367,020 | 3,367,020 |
| Other reserves | | 4,773,482 | 4,501,602 |
| Retained earnings | | 13,067,511 | 11,747,590 |
| Capital and reserves attributable to ordinary shareholders of the Company | | 21,208,013 | 19,616,212 |
| Perpetual bond | | 2,630,380 | 1,613,451 |
| Non-controlling interests | | <u>2,699,896</u> | <u>1,626,522</u> |
| Total equity | | <u>26,538,289</u> | <u>22,856,185</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) New and amended standards, interpretation and annual improvements adopted by the Group

The Group has applied the following new and amended standards, interpretation and annual improvements for the first time for their annual reporting period commencing 1 January 2019:

- HKFRS 16 Leases
- Prepayment Features with Negative Compensation – Amendments to HKFRS 9
- Long-term Interests in Associates and Joint Ventures – Amendments to HKAS 28
- Annual Improvements to HKFRS Standards 2015 – 2017 Cycle
- Plan Amendment, Curtailment or Settlement – Amendments to HKAS 19
- Interpretation 23 Uncertainty over Income Tax Treatments

The Group had to change its accounting policies as a result of adopting HKFRS 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. This is disclosed in note 1(c). Most of the other amended standards, interpretation and annual improvements listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New and amended standards and revised conceptual framework not yet adopted

Certain new and amended standards and revised conceptual framework have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These new and amended standards and revised conceptual framework are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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

(c) Changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements.

As indicated above, the Group has adopted HKFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6.20%.

(i) *Practical expedients applied*

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

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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

(c) Changes in accounting policies (continued)

(i) Practical expedients applied (continued)

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

(ii) Adjustments recognised in the consolidated balance sheet on 1 January 2019

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

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

(iii) Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.

2. SEGMENT INFORMATION

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

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

2. SEGMENT INFORMATION (CONTINUED)

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

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

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

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

The Group's revenue consists of revenue from sales of development properties and revenue from the operation of investment properties and hotels. Revenues recognised during the years ended 31 December 2019 and 2018 are as follows:

| | Year ended 31 December | |
|--|------------------------|----------------|
| | 2019 | 2018 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Revenue | | |
| Development properties segment | 17,352,471 | 15,133,498 |
| Investment properties and hotels segment | 2,660,358 | 2,629,020 |
| | 20,012,829 | 17,762,518 |
| All other segments | 109,485 | 97,272 |
| | 20,122,314 | 17,859,790 |

2. SEGMENT INFORMATION (CONTINUED)

During the years ended 31 December 2019 and 2018, the Group derives revenue from the deliveries of properties, goods and services over time and at a point in time from the following segments:

| | At a point in time RMB'000 | Over time RMB'000 |
|---|---|------------------------------|
| Year ended 31 December 2019 | | |
| Development properties segment | 16,486,602 | 865,869 |
| Investment properties and hotels segment* | 355,143 | 428,983 |
| Other segments | 27,573 | 81,912 |
| | <u>16,869,318</u> | <u>1,376,764</u> |
| | At a point in time RMB'000 | Over time RMB'000 |
| Year ended 31 December 2018 | | |
| Development properties segment | 14,183,487 | 950,011 |
| Investment properties and hotels segment* | 369,454 | 431,416 |
| Other segments | 22,906 | 74,366 |
| | <u>14,575,847</u> | <u>1,455,793</u> |

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

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

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

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 | Development properties RMB'000 | Investment properties and hotels RMB'000 | Other segments RMB'000 | Total RMB'000 |
|---|---|---|---------------------------------------|--------------------------|
| Total segment revenues | 17,352,471 | 2,719,852 | 151,856 | 20,224,179 |
| Inter-segment revenues | – | (59,494) | (42,371) | (101,865) |
| Revenue from external customers | 17,352,471 | 2,660,358 | 109,485 | 20,122,314 |
| 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 | (2,450,035) | (202,693) | – | (2,652,728) |

2. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Board for the reportable segments for the year ended 31 December 2018 is as follows:

| Business segment | Development properties <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 | 15,133,498 | 2,680,031 | 136,178 | 17,949,707 |
| Inter-segment revenues | – | (51,011) | (38,906) | (89,917) |
| Revenue from external customers | <u>15,133,498</u> | <u>2,629,020</u> | <u>97,272</u> | <u>17,859,790</u> |
| Adjusted profit/(loss) before income tax | 2,697,947 | 883,711 | (54,400) | 3,527,258 |
| <i>Adjusted profit/(loss) before income tax is stated after (charging)/crediting the following:</i> | | | | |
| Adjusted cost of sales or services rendered | (10,761,891) | (1,011,343) | (103,532) | (11,876,766) |
| Adjusted depreciation and amortisation | (9,194) | (296,550) | (6,353) | (312,097) |
| Finance income | 50,710 | 5,591 | 193 | 56,494 |
| Finance expenses | (34,435) | – | – | (34,435) |
| Share of net profit from investments accounted for using the equity method | 115,535 | – | – | 115,535 |
| Adjusted income tax expenses | (1,448,351) | (222,828) | – | (1,671,179) |

2. SEGMENT INFORMATION (CONTINUED)

The segment information as at 31 December 2019 and 2018 is as follows:

| Business segment | Development properties RMB'000 | Investment properties and hotels RMB'000 | Other segments RMB'000 | Total RMB'000 |
|---|---|---|---------------------------------------|--------------------------|
| As at 31 December 2019 | | | | |
| Total segments' 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 segments' liabilities | 65,213,870 | 1,317,491 | 104,744 | 66,636,105 |
| Contract liabilities | <u>24,145,579</u> | <u>133,303</u> | <u>8,214</u> | <u>24,287,096</u> |
| As at 31 December 2018 | | | | |
| Total segments' assets | 77,978,639 | 7,188,818 | 90,223 | 85,257,680 |
| Total assets include: | | | | |
| Investments accounted for using the equity method | 327,773 | – | – | 327,773 |
| Additions to non-current assets (other than deferred income tax assets) | 18,227 | 123,682 | 15,311 | 157,220 |
| Total segments' liabilities | 66,236,832 | 1,342,924 | 190,042 | 67,769,798 |
| Contract liabilities | <u>28,329,022</u> | <u>85,173</u> | <u>2,742</u> | <u>28,416,937</u> |

2. SEGMENT INFORMATION (CONTINUED)

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

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

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

| | Year ended 31 December | |
|---|-------------------------------|--------------------------|
| | 2019 | 2018 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Revenue recognised that was included in the contract liability balance at the beginning of the year | | |
| Development properties | 15,888,660 | 13,434,735 |
| Investment properties and hotels | 64,870 | 44,368 |
| All other segments | 52,347 | 8,150 |
| | <u>16,005,877</u> | <u>13,487,253</u> |

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

| | Year ended 31 December | |
|---|-------------------------------|-------------------------|
| | 2019 | 2018 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Profit before income tax for reportable segments | 3,438,122 | 3,527,258 |
| Corporate overheads | (263,486) | (206,839) |
| Corporate finance expenses | (482,982) | (624,261) |
| Corporate finance income | 64,759 | 68,120 |
| Other income | 6,815 | 73,970 |
| Other gains-net | 11,413 | 1,267 |
| Fair value gains on investment properties | 146,641 | 112,196 |
| Reversal of depreciation of investment properties | 183,836 | 182,441 |
| Land appreciation tax | 1,576,250 | 725,866 |
| Profit before income tax | <u>4,681,368</u> | <u>3,860,018</u> |

2. SEGMENT INFORMATION (CONTINUED)

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

| | As at 31 December | |
|---|---------------------------|--------------------------|
| | 2019 | 2018 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Total segments' assets | 85,949,107 | 85,257,680 |
| Deferred income tax assets at corporate level | 818,673 | 573,430 |
| Corporate cash | 7,034,814 | 6,034,756 |
| Accumulated fair value gains on investment properties | 6,220,824 | 5,793,814 |
| Reversal of accumulated depreciation of investment properties | 2,406,290 | 2,222,454 |
| Assets of discontinued segment | 9,083 | 28,531 |
| Total assets per balance sheet | <u>102,438,791</u> | <u>99,910,665</u> |
| Total segments' liabilities | 66,636,105 | 67,769,798 |
| Deferred income tax liabilities at corporate level | 2,156,777 | 2,004,066 |
| Corporate borrowings | 6,372,133 | 6,247,383 |
| Other corporate liabilities | 721,516 | 1,006,230 |
| Liabilities of discontinued segment | 13,971 | 27,003 |
| Total liabilities per balance sheet | <u>75,900,502</u> | <u>77,054,480</u> |

The reconciliation between the Group's depreciation and amortization 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 RMB174,549,000 (2018: RMB174,096,000).

The reconciliation between reportable segments' income tax expenses and total income tax expenses is amounting to RMB73,240,000 (2018:RMB64,476,000), impacted by aforementioned reconciliation items including corporate overheads, corporate financial expenses, corporate financial income, fair value gains 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 are derived in the PRC for the years ended 31 December 2019 and 2018.

At 31 December 2019 and 31 December 2018, all the Group's non-current assets other than deferred income 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 is no significant revenue derived from specific external customers for the years ended 31 December 2019 and 2018.

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 | |
|---|--------------------------|--------------------------|
| | 2019 | 2018 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Depreciation of property, plant and equipment and right-of-use assets | 158,552 | 129,349 |
| Amortisation of land use rights | – | 8,652 |
| Provision of impairment for properties | 763,604 | 236,327 |
| Employee benefit expense | 1,035,735 | 880,274 |
| Advertising costs | 126,396 | 136,258 |
| Cost of properties sold | 11,722,304 | 10,761,891 |
| Cost of consumables used | 221,475 | 208,399 |
| Taxes and levies (other than income tax expenses) | 428,580 | 445,240 |
| Office and consumable expenses | 145,549 | 233,072 |
| Properties management fee | 92,474 | 93,622 |
| Energy and utilities expenses | 132,142 | 134,397 |
| Consulting and service expenses | 335,933 | 224,804 |
| Repair and maintenance expenses | 98,896 | 108,318 |
| Operating leases | 39,462 | 51,221 |
| Auditor's remuneration | 7,240 | 7,240 |
| Others | 75,385 | 97,827 |
| | <hr/> | <hr/> |
| Total cost of sales, selling and marketing expenses and administrative expenses | <u>15,383,727</u> | <u>13,756,891</u> |

4. FINANCE INCOME AND EXPENSES

| | Year ended 31 December | |
|---|-------------------------|-------------------------|
| | 2019 | 2018 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Interest expenses | | |
| – bank and other borrowings | (1,985,338) | (1,885,623) |
| – bonds and medium term notes | <u>(262,556)</u> | <u>(255,364)</u> |
| | (2,247,894) | (2,140,987) |
| Less: amounts capitalised in properties under development at a capitalisation rate of 6.17% (2018: 5.85%) per annum | <u>1,700,573</u> | <u>1,483,422</u> |
| | (547,321) | (657,565) |
| Bank charges and others | <u>(4,499)</u> | <u>(7,785)</u> |
| Finance expenses | 551,820 | 665,350 |
| Finance income – interest income | <u>137,298</u> | <u>124,612</u> |
| Finance expenses – net | <u><u>(414,522)</u></u> | <u><u>(540,738)</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% (2018: 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 | |
|-----------------------------------|-------------------------|-------------------------|
| | 2019 | 2018 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Current income tax | | |
| – PRC enterprise income tax | 1,394,938 | 1,075,983 |
| – PRC land appreciation tax | 1,576,250 | 725,866 |
| Deferred income tax credit | (391,700) | (195,146) |
| | <u>2,579,488</u> | <u>1,606,703</u> |

The discontinued operations have losses before income tax for both the years ended 31 December 2019 and 2018 and hence are not subject to any PRC enterprise income tax in the respective years.

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 | |
|--|------------------------|------------------|
| | 2019 | 2018 |
| | RMB'000 | RMB'000 |
| Profit from continuing operations before income tax expense | 4,681,368 | 3,860,018 |
| Loss from discontinued operation before income tax expense | (6,421) | (39,196) |
| | <u>4,674,947</u> | <u>3,820,822</u> |
| Less: share of net profit of investments accounted for using the equity method | (187,469) | (115,535) |
| | <u>4,487,478</u> | <u>3,705,287</u> |
| Tax calculated at the statutory tax rate of 25% (2018: 25%) | 1,121,870 | 926,322 |
| Expenses not deductible for tax purposes | 7,384 | 71,919 |
| Tax losses not recognised | 77,378 | 27,689 |
| Temporary differences not recognised | 190,893 | 36,373 |
| Effect of the land appreciation tax in the PRC | 1,182,188 | 544,400 |
| Utilisation of previously unrecognised tax losses | (225) | – |
| Income tax expenses | <u>2,579,488</u> | <u>1,606,703</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.

6. EARNINGS PER SHARE (CONTINUED)

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 2019 and 2018.

| | Year ended 31 December | |
|---|------------------------|---------------------|
| | 2019 | 2018 |
| Profit attributable to ordinary shareholders of the Company (RMB'000) | <u>1,788,709</u> | <u>1,403,430</u> |
| Number of ordinary shares in issue (thousands) | <u>3,367,020</u> | <u>3,367,020</u> |
| Earnings per share (basic and diluted) (RMB cents per share) | <u><u>53.12</u></u> | <u><u>41.68</u></u> |
| From continuing operations | 53.31 | 42.84 |
| From discontinued operations | (0.19) | (1.16) |

7. DIVIDENDS

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

In 2018, the Company has fully paid the 2017 final dividends, amounting to RMB370,372,000.

Dividends proposed after the end of the reporting period and not being recognised are as below:

| | Year ended 31 December | |
|--|------------------------|-----------------------|
| | 2019 | 2018 |
| | RMB'000 | RMB'000 |
| Interim dividend paid | <u>—</u> | <u>—</u> |
| 2019 proposed final dividend of RMB0.15 (2018: RMB0.12 per share) | <u>505,053</u> | <u>404,042</u> |
| | <u><u>505,053</u></u> | <u><u>404,042</u></u> |

The Board recommended the payment of a 2019 final dividend of RMB0.15 per ordinary share. Total amount of the 2019 final dividend would be RMB505,053,000 which is calculated according to the ordinary shares in issue as of 31 December 2019. Such dividend is subject to approval by the shareholders at the 2019 Annual General Meeting. These consolidated financial statements do not reflect this dividend payable.

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

| | As at 31 December | | | | | |
|------------------------------------|---------------------------|-----------------------------------|-------------------------|---------------------------|-----------------------------------|-------------------------|
| | 2019 | | | 2018 | | |
| | Current <i>RMB'000</i> | Non- current <i>RMB'000</i> | Total <i>RMB'000</i> | Current <i>RMB'000</i> | Non- current <i>RMB'000</i> | Total <i>RMB'000</i> |
| Trade and other receivables (a) | 4,034,519 | 170,483 | 4,205,002 | 3,478,934 | 110,319 | 3,589,253 |
| Prepayments | 3,270,247 | 129,480 | 3,399,727 | 5,346,531 | 144,633 | 5,491,164 |
| | <u>7,304,766</u> | <u>299,963</u> | <u>7,604,729</u> | <u>8,825,465</u> | <u>254,952</u> | <u>9,080,417</u> |

(a) Trade and other receivables

| | As at 31 December | | | | | |
|--|---------------------------|-----------------------------------|-------------------------|---------------------------|-----------------------------------|-------------------------|
| | 2019 | | | 2018 | | |
| | Current <i>RMB'000</i> | Non- current <i>RMB'000</i> | Total <i>RMB'000</i> | Current <i>RMB'000</i> | Non- current <i>RMB'000</i> | Total <i>RMB'000</i> |
| Trade receivables (i) | 94,485 | - | 94,485 | 85,798 | - | 85,798 |
| Less: provision for impairment of trade receivables | <u>(39,244)</u> | <u>-</u> | <u>(39,244)</u> | <u>(15,623)</u> | <u>-</u> | <u>(15,623)</u> |
| Trade receivables – net | <u>55,241</u> | <u>-</u> | <u>55,241</u> | <u>70,175</u> | <u>-</u> | <u>70,175</u> |
| Receivables due from related parties | 2,658 | - | 2,658 | 107,919 | 74,507 | 182,426 |
| Receivables due from subsidiaries of CIFI Holdings (Group) Co., Ltd. ("CIFI") (ii) | 1,255,900 | - | 1,255,900 | 1,373,200 | - | 1,373,200 |
| Receivables due from non-controlling interests | 1,713,426 | - | 1,713,426 | 1,742,853 | - | 1,742,853 |
| Deposits paid to local government authority for land bidding | 758,110 | - | 758,110 | - | - | - |
| Other receivables | 271,812 | 171,340 | 443,152 | 203,503 | 36,067 | 239,570 |
| Less: provision for impairment of other receivable | <u>(22,628)</u> | <u>(857)</u> | <u>(23,485)</u> | <u>(18,716)</u> | <u>(255)</u> | <u>(18,971)</u> |
| Other receivables – net | <u>3,979,278</u> | <u>170,483</u> | <u>4,149,761</u> | <u>3,408,759</u> | <u>110,319</u> | <u>3,519,078</u> |
| | <u>4,034,519</u> | <u>170,483</u> | <u>4,205,002</u> | <u>3,478,934</u> | <u>110,319</u> | <u>3,589,253</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 2019 and 2018, the ageing analysis of the trade receivables were as follows:

| | As at 31 December | |
|--------------|-------------------|----------------|
| | 2019 | 2018 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| 0–30 days | 26,792 | 44,856 |
| 31–90 days | 27,435 | 1,620 |
| Over 90 days | 40,258 | 39,322 |
| | <u>94,485</u> | <u>85,798</u> |

(ii) For the year ended 31 December 2019 and 2018, 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 2019 and 2018, the Group's trade and other payables and loans/advances from other parties mainly include trade payables, accrued interests, amounts due to related parties, non-controlling interests and third parties, commercial mortgage backed securities and other payables.

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

At 31 December 2019 and 2018, the ageing analyses of the trade payables based on date of services/goods received at the end of reporting period is as follows:

| | As at 31 December | |
|---------------|-------------------|------------------|
| | 2019 | 2018 |
| | RMB'000 | RMB'000 |
| 0–180 days | 3,210,242 | 4,182,195 |
| 181–365 days | 814,286 | 336,843 |
| Over 365 days | 2,658,204 | 2,140,112 |
| | <u>6,682,732</u> | <u>6,659,150</u> |

10. EVENTS AFTER THE BALANCE SHEET DATE

- (a) On 21 April 2020, the Board has resolved to recommend the payment of a final dividend of RMB0.15 per share for the year ended 31 December 2019 (2018: RMB0.12 per share).
- (b) Following the outbreak of Coronavirus Disease 2019 (the “**COVID-19 outbreak**”) in early 2020, a series of precautionary and control measures have been and continued to be implemented across China, including extension of the Chinese New Year holiday nationwide, postponement of work resumption after the Chinese New Year holiday in some regions, certain level of restrictions and controls over the travelling of people and traffic arrangements, quarantine of certain residents, heightening of hygiene and epidemic prevention requirements in offices and encouraged social distancing, etc.

Due to the COVID-19 outbreak and related precautionary and control measures taken place, in light of the negative impact brought upon by the COVID-19 outbreak in the short term, it may affect the construction, the signing of new sales contract of the properties development segment and the signing of new leasing contracts and occupancy rate of the investment properties and hotels, hence the income as generated from the operations of these properties may also be reduced in the short term due to the COVID-19 outbreak. The financial effect of the abovementioned impacts cannot be reliably estimated as of the date of the approval and publication of these consolidated financial statements. The Group will continue to pay close attention to the development of the COVID-19 outbreak and perform further assessment of its impacts and take relevant measures accordingly.

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the year ended 31 December 2019 in accordance with the Basic Standard and 38 specific Standard of the China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC on 15 February 2006, and the Application Guidance for Accounting Standard for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (“CAS”). The differences between the financial statements prepared under CAS and HKFRS are summarised as follows:

| | Profit attributable to owners of the Company For the year ended 31 December | | Capital and reserves attributable to owners of the Company As at 31 December | |
|--|---|------------------------|---|------------------------|
| | 2019 <i>RMB'000</i> | 2018 <i>RMB'000</i> | 2019 <i>RMB'000</i> | 2018 <i>RMB'000</i> |
| As stated in accordance with CAS | 1,653,949 | 1,189,511 | 17,368,058 | 15,217,462 |
| Impact of HKFRS adjustments: | | | | |
| 1. Reversal of depreciation of investment properties under CAS | 137,877 | 136,831 | 1,804,717 | 1,666,840 |
| 2. Fair value adjustment of investment properties under HKFRS | 113,742 | 84,147 | 4,665,618 | 4,345,361 |
| As stated in accordance with HKFRS | <u>1,905,568</u> | <u>1,410,489</u> | <u>23,838,393</u> | <u>21,229,663</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 audited 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 increased by 12.67% to RMB20,122,314,000. The Group's profit attributable to ordinary shareholders for the year ended 31 December 2019 increased by 27.45% as compared with the same period of last year to RMB1,788,709,000.

The Board has recommended the payment of a final dividend of RMB0.15 per share (2018: RMB0.12 per share) for the year ended 31 December 2019, totaling RMB505,053,000 to those shareholders whose names appear on the register of shareholders after the close of business at 4:30 p.m. on Tuesday, 30 June 2020. 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, 24 July 2020.

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 Monday, 18 May 2020 to Tuesday, 16 June 2020 (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 2019 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 Friday, 15 May 2020.

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 Tuesday, 30 June 2020. The register of shareholders of the Company will be closed from Monday, 22 June 2020 to Tuesday, 30 June 2020 (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 Friday, 19 June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

I. REVIEW OF THE OPERATING ENVIRONMENT DURING THE REPORTING PERIOD

In 2019, in the face of the intricate and complicated economic environment in mainland China and abroad, the PRC government adhered to making progress while maintaining stability, pushed for high-quality development, and solidly completed the “stability” work in six aspects; key progress was made in the three critical battles, and important steps were taken in reform and opening up. The supply-side structural reform has been deepened continuously, and a new significant progress was made in building a moderately prosperous society in an all-round way. The annual GDP growth rate reached 6.1%, with sustained and healthy economic and social development.

1. Development Properties

In 2019, the central government adhered to the positioning of “housing properties for accommodation, not speculation”, implemented a long-term real estate management mechanism, and did not use real estate as a means to stimulate the economy in the short term; the local government further deepened the city-specific policies and category-based control and maintained the stability of the real estate market. In general, the transaction scale and the average transaction price of commodity housing increased slightly for the whole year, the real estate market across the country ran smoothly on the whole. In addition, for the land market for the whole year, the scale of residential land transactions increased slightly, the average floor price of transactions remained at a high level, and the average premium rate was basically the same as last year. According to the statistics provided by the National Bureau of Statistics (the same applied hereinafter), commodity housing sales area in the real estate market of the PRC in 2019 was 1,501,440,000 square meters, representing an increase of 1.5% over the corresponding period last year, and the average sales price of commodity housing was RMB9,287 per square meter, representing an increase of 8.7% over the corresponding period last year.

Among the first-tier cities, the commodity housing market in Beijing increased both in volume and price year on year, and the products with a rigid demand became the main force in the market, but the overall supply exceeded demand, and the inventory and clearing cycle rebounded; the transaction volume in Beijing residential land market was steady with a slight rise, the average floor price decreased slightly, and the premium rate fell slightly. The transaction volume of the commodity housing market in Guangzhou decreased slightly compared with the last year. The transaction volume of commodity housing in second-tier cities remained flat as compared with that of the previous year on the whole, and the differentiation in cities was becoming obvious. The average transaction price of commodity housing in third-tier cities increased slightly, and the increase continued to decline, with a significant year-on-year decrease in the scale of transactions.

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 | 790.6 | 50.1 | 3,033.1 | 53.9 | 38,366 | 2.5 |
| Changsha | 2,005.8 | 1.6 | 1,650.2 | 7.3 | 8,227 | 5.5 |
| Wuhan | 2,981.8 | -7.7 | 4,125.1 | 0.7 | 13,834 | 9.1 |
| Hangzhou | 1,284.3 | -3.4 | 3,406.1 | 5.2 | 26,522 | 8.9 |
| Suzhou | 1,983.6 | 10.9 | 3,492.0 | 20.4 | 17,605 | 8.6 |
| Ningbo | 1,438.9 | 10.8 | 2,295.9 | 9.1 | 15,956 | -1.5 |
| Nanjing | 1,137.2 | 15.7 | 2,209.4 | 14.1 | 19,428 | -1.4 |
| Hefei | 1,155.7 | 4.7 | 1,628.0 | 12.9 | 14,086 | 7.8 |
| Chengdu | 2,564.9 | -3.6 | 3,008.4 | 15.6 | 11,729 | 19.9 |
| Chongqing | 5,149.1 | -5.1 | 4,457.8 | 0.3 | 8,657 | 5.7 |
| Langfang | 661.3 | -15.4 | 729.5 | -11.2 | 11,032 | 5.0 |
| Wuxi | 1,239.6 | -0.5 | 1,776.2 | 22.0 | 14,329 | 22.6 |
| Haikou | 373.5 | 12.7 | 581.2 | 38.7 | 15,562 | 23.1 |
| Guangzhou | 1,106.6 | -2.8 | 2,657.5 | 8.2 | 24,015 | 11.3 |
| Meishan | 544.3 | 32.7 | 456.6 | 29.3 | 8,389 | -2.5 |

Sources: CREIS China Index Database.

2. Investment Properties (Including Hotels)

The PRC devoted considerable efforts in adjusting economic structure and accelerating the development of modern service industry and Beijing strove to implement its strategic positioning as the capital city. Under such background, the investment properties (including hotels) market showed a stable and positive tendency. Meanwhile, as driven by economic transformation of the PRC, the industrial innovation also gave rise to extra demand in investment properties market. In particular, China's convention and exhibition industry has become increasingly specialized, market-oriented and internationalized in recent years and has also become an important platform for building a modern market system and an open economic system. China is serving as a hard-core player in the global convention and exhibition industry. In the office building market in Beijing in 2019, the additional supply remained high, and the overall rental level fell slightly. Beijing's high-end hotels market has seen a decrease in the number of accommodations. As for the apartments market, the supply and demand continued to move toward balance and the overall rent remained stable.

II. BUSINESS REVIEW DURING THE REPORTING PERIOD

In 2019, under the guidance of the strategy of brand expansion, low-cost expansion and capital expansion, the Company's development property business expanded actively; the investment property business operated healthily; the innovative business achieved solid progress. As a result, the assets scale and revenue level hit new heights. During the Reporting Period, due to the increase of the settlement area of the Company's development properties, the Company recorded an operating revenue of RMB20,122,314,000, representing a year-on-year increase of 12.67%. The Company's profit before tax and profit attributable to ordinary shareholders amounted to RMB4,681,368,000 and RMB1,788,709,000, respectively. In particular, the after-tax operating results of the Company's principal activities (excluding gains arising from the changes in fair value) were RMB1,674,967,000, representing a year-on-year increase of 26.96%. Gains (after tax) arising from the changes in fair value of investment properties were RMB113,742,000 in the period. Earnings per share were RMB0.53, up 27.45% over the same period last year.

1. Development Properties

In 2019, upon thorough research and judgment of the new trend and new challenges under the change of local policies, the Company put the accelerating turnover rate in the first place, adhered to the customer-centered value, accurately grasped the timing of sales, adopted the flexible push strategy, and the operating results maintained stable as a whole.

In 2019, as a result of the increase in settlement area, operating revenue from development properties reached RMB17,352,471,000 (including parking spaces), representing a year-on-year increase of 14.66%, and the profit before tax was RMB2,682,071,000, representing a year-on-year decrease of 0.59%. During the Reporting Period, the new and resumed construction area of development properties was 8,700,000 square meters; the completed area was 2,670,000 square meters; the contracted sales amount and the sales area achieved RMB19 billion (including parking spaces) and 1,260,000 square meters, respectively.

Multiple measures to promote sales. Against the backdrop of relentless macro control endeavor of the real estate and slow growth of industrial sales scale, on the one hand, the Company conducted market research and operation deployment from the perspective of large-scale operation, seized the opportunity of demand release in some regions, and actively carried out targeted marketing strategies; on the other hand, in order to improve the competitiveness of its products, the Company closely focused on customers' sensitive points, and put forward a systematic solution for improving the quality of public areas according to the research and development idea of "all time, all region, all age, and all process", laying a solid foundation for the realization of "North Star characteristic standardization system". During the Reporting Period, contracted sales recorded from projects in Changsha, Wuhan, Ningbo, Chengdu and Chongqing amounted to RMB3.457 billion, RMB4.359 billion, RMB2.008 billion, RMB1.072 billion and RMB1.075 billion, respectively.

Rational expansion of land reserve. The Company paid close attention to the market policy orientation, conducted in-depth research on early-stage expansion, accurately controlled the pace of investment, continuously strengthened the strategy and forward-looking strategic layout to develop in the hotspot areas in first-tier and second-tier core cities, focusing on hotspot areas such as Yangtze River Delta, Pearl River Delta and Greater Bay Area, and made its debut in Guangzhou, a key city covered by the Guangdong-Hong Kong-Macao Greater Bay Area during the Reporting Period, which is also an important step of the Company's national strategy. As at the end of the Reporting Period, the Company already established presence in 15 cities, namely Beijing, Changsha, Wuhan, Hangzhou, Chengdu, Nanjing, Suzhou, Hefei, Langfang, Chongqing, Ningbo, Wuxi, Haikou, Meishan and Guangzhou, with a total land reserve of 7,190,000 square meters, and possessed a total of 45 projects in the pipeline, under construction or for sale, with the planned total floor area of 19,430,000 square meters. Accordingly, the Company established a trans-regional layout covering North China, Central China, East China and the Southwest.

Continuously promoting system construction. In accordance with the three main principles of decision management, function management and business management, the Company enhanced the institutional system construction. Based on customer needs, the Company kept improving customers' satisfaction; it used public area module design, improved the standardization system; it also comprehensively promoted information coverage, and realized real-time monitoring of projects. The Company's overall scientific control capability continued to improve.

Table 2: Real Estate Projects during the Reporting Period

Unit: RMB100 million, square meter

| No. | Project name | Location | Operating state | Project status | Project interests | Total investment | Actual investment amount during the Reporting Period | Project area | Total floor area | Planned plot ratio-based gross floor area | Equity area held for development | Land area held for development | New construction area during the Reporting Period | Accumulated development area | Floor area under construction during the Reporting Period | Completed area during the Reporting Period | Accumulated completed area | Saleable area during the Reporting Period | Contracted Area during the Reporting Period |
|-----|---|--------------------|---|--------------------|-------------------|------------------|--|--------------|------------------|---|----------------------------------|--------------------------------|---|------------------------------|---|--|----------------------------|---|---|
| 1 | Beijing North Star Xianglu | Haidian, Beijing | Residence | Completed | 100% | 28.59 | - | 142,400 | 312,100 | 230,000 | - | - | - | 312,100 | - | - | 312,100 | 11,548 | 4,575 |
| 2 | Beijing North Star Red Oak Villa | Changping, Beijing | Villa | Under Construction | 100% | 34.00 | 1.36 | 287,500 | 213,700 | 150,000 | - | - | - | 213,700 | 69,500 | 29,300 | 173,500 | 36,340 | 209 |
| 3 | Beijing Modern Beichen Yue MOMA | Shunyi, Beijing | Owner occupied commercial housing and housing of two limits | Under Construction | 50% | 23.47 | 0.03 | 52,800 | 132,500 | 109,300 | 54,700 | - | - | 132,500 | 1,400 | - | 131,100 | 4,902 | - |
| 4 | Beijing North Star • Villa 1900 | Shunyi, Beijing | Residence | Completed | 100% | 24.45 | - | 101,200 | 213,300 | 140,000 | - | - | - | 213,300 | 5,400 | 5,400 | 213,300 | 47,228 | 12,767 |
| 5 | Beijing Jinchun Mansion | Changping, Beijing | Residence | Under Construction | 51% | 93.09 | 7.27 | 86,600 | 280,100 | 170,400 | 86,900 | - | 280,100 | 280,100 | 280,100 | - | - | 195,667 | 5,159 |
| 6 | Changsha North Star Delta | Changsha, Hunan | Residence, commercial and office building | Under Construction | 100% | 330.00 | 23.56 | 780,000 | 5,200,000 | 3,820,000 | - | 751,000 | - | 4,449,000 | 939,000 | 399,800 | 3,909,800 | 315,475 | 198,434 |
| 7 | Changsha North Star Central Park | Changsha, Hunan | Residence | Under Construction | 51% | 48.00 | 2.78 | 336,300 | 927,100 | 720,000 | 367,200 | - | 161,900 | 927,100 | 472,100 | 106,000 | 561,000 | 108,281 | 84,251 |
| 8 | Changsha North Star Shiguangli | Changsha, Hunan | Residence and commercial | Under Construction | 100% | 13.07 | 3.25 | 27,700 | 145,400 | 107,900 | - | - | 145,400 | 145,400 | 145,400 | - | - | 49,861 | 3,262 |
| 9 | Wuhan North Star Contemporary Best+ | Wuhan, Hubei | Residence and commercial | Completed | 45% | 21.00 | 0.89 | 104,700 | 313,300 | 241,100 | 108,500 | - | - | 313,300 | - | - | 313,300 | 5,212 | 2,006 |
| 10 | Wuhan North Star Guanggu | Wuhan, Hubei | Commercial Service | Under Construction | 51% | 33.94 | 2.91 | 84,200 | 492,000 | 337,000 | 171,900 | 134,800 | - | 357,200 | 357,200 | - | - | 70,251 | 18,769 |
| 11 | Wuhan Blue City | Wuhan, Hubei | Residence and commercial | Under Construction | 100% | 86.63 | 17.14 | 358,000 | 980,100 | 716,000 | - | 234,700 | - | 745,400 | 745,400 | 237,500 | 237,500 | 222,893 | 176,207 |
| 12 | Wuhan Gemdale • North Star • China Chic | Wuhan, Hubei | Residence | Under Construction | 51% | 22.83 | 2.31 | 41,800 | 178,900 | 127,000 | 64,900 | - | - | 178,900 | 178,900 | - | - | 110,840 | 72,060 |

| No. | Project name | Location | Operating state | Project status | Project interests | Total investment | Actual investment amount during the Reporting Period | Project area | Total floor area | Planned plot ratio-based gross floor area | Equity area held for development | Land area held for development | New construction area during the Reporting Period | Floor area under construction during the Reporting Period | Completed area during the Reporting Period | Accumulated completed area | Saleable area during the Reporting Period | Contracted Area during the Reporting Period |
|-----|--|--------------------|--------------------------|--------------------|-------------------|------------------|--|--------------|------------------|---|----------------------------------|--------------------------------|---|---|--|----------------------------|---|---|
| 13 | Wuhan North Star Peacock Shoal | Wuhan, Hubei | Residence | Under Construction | 60% | 12.97 | 2.50 | 75,200 | 220,400 | 172,800 | 103,700 | - | - | 220,400 | - | - | 105,078 | 52,889 |
| 14 | Wuhan Lot P067 Project | Wuhan, Hubei | Residence and commercial | Under Construction | 100% | 20.00 | 2.09 | 50,500 | 177,200 | 126,200 | - | - | 177,200 | 177,200 | - | - | - | - |
| 15 | Wuhan Lot P068 Project | Wuhan, Hubei | Residence and commercial | Under Construction | 100% | 16.20 | 2.20 | 63,200 | 223,700 | 158,100 | - | - | 223,700 | 223,700 | - | - | - | - |
| 16 | Wuhan North Star Jindiyang Time | Wuhan, Hubei | Residence and commercial | Under Construction | 100% | 18.72 | 10.77 | 50,500 | 212,100 | 151,400 | - | - | 212,100 | 212,100 | - | - | 30,101 | 26,419 |
| 17 | Hangzhou North Star Shushan Project | Hangzhou, Zhejiang | Residence and commercial | Completed | 80% | 26.78 | 1.06 | 83,900 | 317,500 | 235,000 | 188,000 | - | - | 317,500 | - | - | 12,677 | 4,203 |
| 18 | Hangzhou Honor Mansion Grand Lot | Hangzhou, Zhejiang | Residence and commercial | Completed | 35% | 14.85 | 0.12 | 41,900 | 108,400 | 75,000 | 26,300 | - | - | 108,400 | - | - | - | - |
| 19 | Hangzhou Honor Mansion Small Lot | Hangzhou, Zhejiang | Residence and commercial | Completed | 35% | 4.90 | 0.12 | 13,400 | 32,600 | 23,000 | 8,100 | - | - | 32,600 | - | - | - | - |
| 20 | Hangzhou Gosongfu | Hangzhou, Zhejiang | Residence | Completed | 100% | 16.06 | 1.39 | 21,900 | 69,900 | 48,200 | - | - | - | 69,900 | 69,900 | 69,900 | 5,127 | 4,410 |
| 21 | Hangzhou Jinhui Art Villa of City | Hangzhou, Zhejiang | Residence and commercial | Completed | 25% | 5.50 | 0.78 | 57,400 | 209,700 | 144,000 | 36,000 | - | - | 209,700 | 209,700 | 209,700 | 1,366 | 1,255 |
| 22 | Hangzhou Lingchao Mansion | Hangzhou, Zhejiang | Residence | Under Construction | 100% | 11.03 | 1.52 | 12,200 | 44,400 | 25,700 | - | - | 44,400 | 44,400 | - | - | - | - |
| 23 | Ningbo Beichenfutu | Ningbo, Zhejiang | Residence | Completed | 100% | 41.71 | 5.43 | 47,300 | 189,700 | 137,400 | - | - | - | 189,700 | 189,700 | 189,700 | 101,637 | 53,458 |
| 24 | Ningbo Mansion • Jintian | Ningbo, Zhejiang | Residence and commercial | Completed | 51% | 59.50 | 4.52 | 133,000 | 404,800 | 292,500 | 149,200 | - | - | 404,800 | 404,800 | 404,800 | 12,280 | 9,569 |
| 25 | Nanjing North Star Cliff Park Mansion • Jin Ling | Nanjing, Jiangsu | Residence | Completed | 51% | 29.76 | 1.02 | 25,300 | 105,000 | 70,700 | 36,100 | - | - | 105,000 | - | - | 157 | 157 |
| 26 | Suzhou North Star Cliff No. 1 Courtyard | Suzhou, Jiangsu | Residence and commercial | Completed | 50% | 28.78 | 0.31 | 178,700 | 273,900 | 180,500 | 90,300 | - | - | 273,900 | - | - | 2,464 | - |

| No. | Project name | Location | Operating state | Project status | Project interests | Total investment | Actual investment amount during the Reporting Period | Project area | Total floor area | Planned plot ratio-based gross floor area | Equity area | Land area held for development | New construction area during the Reporting Period | Floor area under construction during the Reporting Period | Completed area during the Reporting Period | Accumulated completed area | Saleable area during the Reporting Period | Contracted Area during the Reporting Period |
|-----|--|------------------|--------------------------|--------------------|-------------------|------------------|--|--------------|------------------|---|-------------|--------------------------------|---|---|--|----------------------------|---|---|
| 27 | Suzhou Guanlan Mansion | Suzhou, Jiangsu | Residence and commercial | Under Construction | 100% | 58.82 | 5.31 | 170,000 | 392,900 | 268,800 | - | - | - | 392,900 | - | - | 107,912 | 33,170 |
| 28 | Wuxi Tianyi Jiuzhu | Wuxi, Jiangsu | Residence | Under Construction | 49% | 28.60 | 1.82 | 88,000 | 254,600 | 196,000 | 96,000 | - | - | 254,600 | 125,000 | 125,000 | 101,020 | 100,486 |
| 29 | Wuxi Times City | Wuxi, Jiangsu | Residence | Under Construction | 40% | 46.79 | 3.35 | 137,900 | 554,400 | 413,800 | 165,500 | - | - | 554,400 | 190,300 | 190,300 | 247,676 | 170,378 |
| 30 | Chengdu North Star • Landsea Southern Gate Green Shire | Chengdu, Sichuan | Residence and commercial | Completed | 40% | 20.04 | 0.70 | 63,600 | 235,100 | 158,600 | 63,400 | - | - | 235,100 | 84,100 | 84,100 | 2,637 | -1,168 |
| 31 | Chengdu North Star • Xianglu | Chengdu, Sichuan | Residence and commercial | Completed | 100% | 14.71 | 1.82 | 40,400 | 148,300 | 96,900 | - | - | - | 148,300 | 148,300 | 148,300 | 21,168 | 19,063 |
| 32 | Chengdu North Star • South Lake Xianglu | Chengdu, Sichuan | Residence | Under Construction | 100% | 29.16 | 3.60 | 88,000 | 299,100 | 210,000 | - | - | - | 299,100 | 149,400 | 149,400 | 18,280 | 5,435 |
| 33 | Chengdu North Star Royal Palace | Chengdu, Sichuan | Residence and commercial | Under Construction | 100% | 15.26 | 2.27 | 26,600 | 120,000 | 79,800 | - | - | - | 120,000 | 120,000 | - | 79,532 | 11,914 |
| 34 | Chengdu North Star Luming Mansion | Chengdu, Sichuan | Residence and commercial | Under Construction | 100% | 26.51 | 15.41 | 80,100 | 227,100 | 160,300 | - | - | 227,100 | 227,100 | - | - | - | - |
| 35 | Sichuan North Star Guosongfu | Meishan, Sichuan | Residence and commercial | Under Construction | 100% | 16.60 | 3.39 | 59,900 | 199,200 | 149,800 | - | - | - | 199,200 | 199,200 | - | 71,849 | 24,315 |
| 36 | Sichuan Longyitai | Meishan, Sichuan | Residence and commercial | In the pipeline | 100% | 13.70 | - | 69,900 | 137,300 | 84,000 | - | 137,300 | - | - | - | - | - | - |
| 37 | Langfang North Star Xianglu | Langfang, Hebei | Residence and commercial | Under Construction | 100% | 25.73 | 2.61 | 140,700 | 412,700 | 296,800 | - | 134,600 | - | 278,100 | 278,100 | - | 68,882 | 38,131 |
| 38 | Langfang Lot 2018-4 Project | Langfang, Hebei | Residence | In the pipeline | 100% | 25.31 | 10.71 | 82,500 | 241,600 | 164,800 | - | 241,600 | - | - | - | - | - | - |
| 39 | Langfang Lot 2019-3 Project▲ | Langfang, Hebei | Commercial | In the pipeline | 100% | 5.09 | - | 21,100 | 72,800 | 52,800 | - | 72,800 | - | - | - | - | - | - |
| 40 | Hebei North Star CIFI Park Mansion • Luzhou | Hebei, Anhui | Residence and commercial | Under Construction | 50% | 42.14 | 2.40 | 141,700 | 356,200 | 239,000 | 119,500 | - | - | 356,200 | 198,400 | 145,000 | 37,370 | 15,210 |

| No. | Project name | Location | Operating state | Project status | Project interests | Total investment | Actual investment amount during the Reporting Period | Project area | Total floor area | Planned plot ratio-based gross floor area | Equity area | Land area held for development | New construction area during the Reporting Period | Accumulated development area | Floor area under construction during the Reporting Period | Completed area during the Reporting Period | Accumulated completed area | Saleable area during the Reporting Period | Contracted Area during the Reporting Period |
|-----|-------------------------------------|----------------------|--------------------------|--------------------|-------------------|------------------|--|--------------|------------------|---|-------------|--------------------------------|---|------------------------------|---|--|----------------------------|---|---|
| 41 | Chongqing Yuelai No.1 | Yubei, Chongqing | Residence and commercial | Under Construction | 100% | 100.66 | 11.18 | 429,100 | 1,274,000 | 918,000 | - | 437,800 | 251,000 | 836,200 | 836,200 | 176,800 | 176,800 | 126,514 | 87,414 |
| 42 | Chongqing North Star Central Park ▲ | Yubei, Chongqing | Residence | In the pipeline | 100% | 22.42 | 11.88 | 68,200 | 147,000 | 102,200 | - | 147,000 | - | - | - | - | - | - | - |
| 43 | North Star Mansion in Haikou | Haikou, Hainan | Residence and commercial | Under Construction | 100% | 45.47 | 4.52 | 106,800 | 263,400 | 206,000 | - | 103,000 | 46,200 | 160,400 | 160,400 | - | - | 87,335 | 25,990 |
| 44 | Guangzhou Zengcheng Project ▲ | Guangzhou, Guangdong | Residence and commercial | In the pipeline | 100% | 36.61 | 10.69 | 25,900 | 117,700 | 77,800 | - | 117,700 | - | - | - | - | - | - | - |
| | Total | - | - | - | - | 1639.45 | 186.99 | 5,098,000 | 17,431,200 | 12,584,600 | 1,936,200 | 2,512,200 | 1,890,500 | 14,918,900 | 8,699,100 | 2,668,800 | 8,790,700 | 2,419,560 | 1,260,397 |

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 7,186,100 square meters; equity land reserve was 6,567,200 square meters and the newly added real estate reserve was 337,400 square meters;

New construction area was 1,890,500 square meters, representing a year-on-year decrease of 32.83%; area for new and resumed construction was 8,699,100 square meters, representing a year-on-year increase of 8.10%; the completed area was 2,668,800 square meters, representing a year-on-year increase of 109.24%;

Sales area was 1,260,400 square meters, representing a year-on-year decrease of 30.52%; sales amount was RMB18,996,000,000, representing a year-on-year decrease of 32.66%; settlement area was 1,291,800 square meters, representing a year-on-year increase of 43.04%; the settlement amount was RMB17,352,000,000, representing a year-on-year increase of 14.66%.

2. Investment Properties (Including Hotels)

Insisting on the development strategy of synergistic progress in asset-heavy investment business and asset-light service business, the Company gave full play to the comparative advantages of the three major sub-brands of the service brand, management brand and consulting brand in the exhibition industry, stepped up the outstretch of exhibition industry chain, and scouted for effective approaches to bolster up innovative businesses, resulting in increase in economic returns and social benefits of assets.

In 2019, the Company recorded an operating revenue from investment properties (including hotels) of RMB2,660,358,000, representing a year-on-year increase of 1.19%. Due to the impact of renovation and upgrade of certain properties, the profit before tax amounted to RMB822,625,000, representing a year-on-year decrease of 6.91%. The revaluation surplus for this period was RMB146,641,000, representing an increase of 30.70% as compared to the same period last year.

Further enhanced brand influence of North Star Events. Under the favorable background of Beijing being an international communication center with active international exchanges, comprehensive international services and prominent international influence, North Star Events Group has exerted its professional advantages and fulfilled its responsibilities. During the Reporting Period, North Star Events Group provided prime quality services guarantee for the Second Belt and Road Forum for International Cooperation, the Beijing International Horticultural Exhibition, Conference on Dialogue of Asian Civilizations, 2019 FIBA Basketball World Cup, Beijing Daxing International Airport Launch Ceremony and other major events and was widely acknowledged by the organizing departments and well received by the participants at home and abroad.

Optimizing and consolidating the possessing asset-heavy business.

Leveraging the geographic advantage of the concentration of a large number of properties with core value in the Asian-Olympic core district, the Company took the convention and exhibition as a lead to drive synergetic development of office building, hotel and apartment businesses. In particular, for the National Convention Centre and the Beijing International Convention Centre, emphasis was placed on the potential demands in the international conference market. In this regard, the Company strengthened the operation objectives of specialization, marketization and internationalization, actively built a three-dimensional international communication platform, continued to intensify its efforts to enhance its expansion efforts, resulting in improvement in both market share and comprehensive income. For the office building business, the Company highlighted the office experience, focused on digging customer resources internally and expanding sales channels externally based on its consistent customer needs-oriented principle, thus achieving a relatively high occupancy rate and rent level within the region. For the hotel and apartment businesses, in active response to the market changes, the Company rolled out a series of marketing initiatives as represented by themed activities and parent-child room to polish the service details repeatedly, improve the service quality and experience of the guests. As a result, both the room rate and occupancy rate of our hotels and apartments outperformed the market.

Innovative development of asset-light service business. By capitalizing on the further optimization of the functional positioning of Beijing as the “Four Centers” and space layout “one core, two axes, and four areas”, the Company leveraged the advantages of North Star Events, and constantly shaped the brand image of North Star Events. At the same time, it continued to push through the important nodes of the upstream and downstream industrial chain of North Star Events to give full play to the driving role of the exhibition economy, so as to build a new highland for the development of North Star Events industry, and achieved fruitful operating results during the Reporting Period.

In terms of devotions to the operation and management of convention and exhibition venues as well as hotel branding, the Company has launched a strategic layout featuring business presence in numerous cities across the country and formed the large-scale development, which further cemented its influence in the industry. During the Reporting Period, North Star Events Group successfully entered into contracts in respect of entrusted management for 4 convention and exhibition venue projects, namely Fuzhou Digital China Convention & Exhibition Centre, Agile Zhengzhou Yanming Lake International Conference and Exhibition Town, Chongli International Convention & Exhibition Center and Weihai International Economic and Trade Exchange Center, and consultation for 6 projects located in Shenzhen, Zhengzhou, Weihai and other key convention and exhibition cities. As at the end of the Reporting Period, North Star Events Group established presence in 25 cities across the country, and had a total of 15 contracted convention and exhibition venues under entrusted management covering a total floor area of 3.255 million square meters and 19 contracted hotels under entrusted management. North Star Events has become the convention and exhibition business that runs the largest number of convention and exhibition venues. It is the largest in terms of overall scale and is capable of undertaking the finest convention and exhibition in China. In terms of the convention hosting and undertaking businesses, North Star Events Group summarized the previous project experience, integrated various exhibition resources, resulting in achieving phased results in business development. During the Reporting Period, “2019 China Animation Comic Game Festival” (2019 中國遊戲節) and “China (Chengdu) International Supply Chain and Logistics Technologies and Equipment Expo” (2019 中國成都國際供應鏈與物流技術及裝備展覽會) in which North Star Events Group acted as the organizer were successfully held. In terms of the convention and exhibition research and development business, with a view that it provided strong theoretical support for the development of the convention and exhibition business of the Company, North Star Events Group actively participated in the construction of urban convention and exhibition system platforms, including participation in municipal exhibition platform research, government project report writing, publication of “China Exhibition Index Report”, school-enterprise cooperation education and training. The Internet + business represented by Internet + Convention and Exhibition and North Star Intelligent Community were continuously promoted.

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 of (attributable to) the Company |
|-----|--|---|---------------------------|---|---|---|
| 1 | No. 7 Tian Chen Dong Road, Chao Yang District, Beijing | National Convention Centre | Convention and exhibition | 270,800 | 70,353 | 100% |
| 2 | No. 8 Bei Chen Dong Road, Chao Yang District, Beijing | Beijing International Convention Centre | Convention and exhibition | 58,000 | 12,547 | 100% |
| 3 | No. 8 Bei Chen Dong Road, Chao Yang District, Beijing | Hui Bin Offices | Office building | 37,800 | 7,309 | 100% |
| 4 | No. 8 Bei Chen Dong Road, Chao Yang District, Beijing | Hui Xin Offices | Office building | 40,900 | 5,666 | 100% |
| 5 | No. 8 Bei Chen Dong Road, Chao Yang District, Beijing | North Star Times Tower | Office building | 131,300 | 17,984 | 100% |
| 6 | No. 8 Bei Chen Xi Road, Chao Yang District, Beijing | North Star Century Center | Office building | 149,800 | 31,008 | 100% |
| 7 | No. 8 Bei Chen Dong Road, Chao Yang District, Beijing | Hui Zhen Building Property | Office building | 8,400 | 1,810 | 100% |
| 8 | No. 8 Bei Chen Dong Road, Chao Yang District, Beijing | Beijing Continental Grand Hotel | Hotel | 42,000 | 15,254 | 100% |
| 9 | No. 8 Bei Chen Xi Road, Chao Yang District, Beijing | National Convention Centre Hotel | Hotel | 42,900 | 10,838 | 100% |
| 10 | No. 8 Bei Chen Dong Road, Chao Yang District, Beijing | V-Continent Beijing Parkview Wuzhou Hotel | Hotel | 60,200 | 15,344 | 100% |
| 11 | No. 8 Bei Chen Xi Road, Chao Yang District, Beijing | Intercontinental Beijing North Star Hotel | Hotel | 60,000 | 17,628 | 100% |
| 12 | No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province | Intercontinental Changsha | Hotel | 79,200 | 19,809 | 100% |
| 13 | No. 8 Bei Chen Dong Road, Chao Yang District, Beijing | Hui Yuan Apartment | Apartment | 184,300 | 26,660 | 100% |
| 14 | A13 Beiyuan Road, Chao Yang District, Beijing | B5 Commercial Area of North Star Green Garden | Commercial | 49,700 | 3,368 | 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公司) since August 2016.
2. Construction area of the real estate leased represents the total construction area of the project.
3. The rental income of real estate leased is the operating income of the projects.
4. Construction area and operating revenue of North Star Times Tower have included the construction area and operating revenue of the Xincheli Shopping Centre commercial project..
5. The above-mentioned properties items 2, 3, 7, 8, 10 and 13 are erected on land leased from BNSIGC for a rental of RMB16,426,481 for the year 2019.

Chart 1: Distribution chart of entrusted management projects of the Company as at the end of the Reporting Period

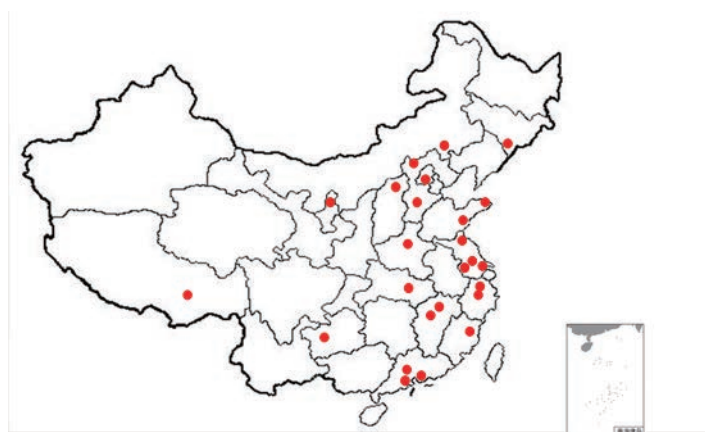


Table 4: Breakdown table of entrusted management projects of the Company as at the end of the Reporting Period

| No. | Convention center projects under entrusted management | Hotel projects under entrusted management |
|-----|--|--|
| 1 | Zhuhai International Convention & Exhibition Center | V-Continent Nyingchi Hotel |
| 2 | Beijing Yanqi Lake International Convention & Exhibition Center | North Star V-Continent Huidong Executive Apartment |
| 3 | Nanchang Greenland International Expo Center | Jiangxi Hongwei Continental Crown Hotel |
| 4 | Lianyungang Land Bridge International Convention Center and ancillary hotels | Zhangjiakou Continental Crown Hotel |
| 5 | Hangzhou International Expo Center | North Star V-Continent Datong Executive Apartment |
| 6 | Ningxia International Hall | North Star V-Continent Yinfeng Hotel |
| 7 | Taizhou China Medical City Exhibition Center | North Star V-Continent Anshun Garden-style Hotel |
| 8 | Qingdao International Convention Center | North Star V-Continent Chifeng Hotel |
| 9 | Shijiazhuang International Convention & Exhibition Center | North Star V-Continent Wanquan Hotel |
| 10 | Deqing International Convention Center | North Star V-Continent Huai'an Garden-style Hotel |
| 11 | Nantong International Convention & Exhibition Center and ancillary hotels | Nanjing Wangyudao North Star V-Continent Garden-style Hotel |
| 12 | Fuzhou Digital China Convention & Exhibition Center | Hangzhou International Expo Center Hotel |
| 13 | Chongli International Convention & Exhibition Center and ancillary hotels | Nanchang Greenland Continental Crown Hotel |
| 14 | Agile Zhengzhou Yanming Lake International Conference and Exhibition Town | Land Bridge Crown Business Hotel |
| 15 | Weihai International Economic and Trade Exchange Center and ancillary hotels | Nantong Kechuang Center Hotel |
| 16 | | North Star V-Continent Wuhan China Communications City Crown Hotel |
| 17 | | Zhuhai North Star V-Continent Crown Hotel |
| 18 | | Xiangxue V-Continent Crown Hotel Guangzhou |
| 19 | | Tonghua Wanfeng North Star V-Continent Crown Hotel |

3. Nurturing Business

In terms of health and elderly care, North Star ORPEA International Elderly Nursing Center in Changsha, the Company's first health and elderly care project has been in operation for more than one year since its official launch last year. With advanced service concept, complete hardware facilities and high-quality pension services, it has rapidly grown into a demonstration base of pension services in central China. In respect of cultural creativity, the Company kept a close eye on the business development trend, made thorough analysis on the practical problems in the future development of the industry, actively absorbed more mature practical experience in the operation of cultural and creative industries, and strived to promote the Company's multi-business collaborative development.

4. Financing Work

Against the backdrop of enhanced financial regulation, de-leveraging and de-channel credit tightening, the Company made overall consideration of factors such as policy environment, interest rate levels, asset-liability structure, etc., effectively selected relevant financing instruments, and flexibly adopted diversified financing models including the "headquarters financing", 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 |
|--|---|-----------------------------|
| 3,066,986 | 5.98 | 170,057 |

5. Comprehensive Strength and Brand Building

The Company firmly believes that the "North Star" brand is the most powerful endorsement for the Company's development, and is also the performance guarantee and basic driving force for sustainable development. For a long time, the Company, centering on the objective of becoming China's top-tier complex real estate brand and China's top influential exhibition brand, insists on promoting brand innovation, implements brand strategy and forges ahead during the development and transformation process. During the Reporting Period, leveraging on its outstanding sales performance and strong comprehensive strength, the Company held tightly

its position among China Top 100 Real Estate Enterprises, was awarded “2019 China Top 100 Real Estate Enterprises (2019年中國房地產百強企業)” and “2019 Star Enterprise among China Top 100 Real Estate Enterprises (2019年中國房地產百強之星)” again, and was successively awarded “2019 Top 10 Listed Real Estate Enterprises by Investment Value in A-share Market (2019滬深上市房地產公司投資價值TOP10)”, “2019 Top 10 Listed Real Estate Enterprises by Wealth Creating Capability in A-share Market (2019滬深上市房地產公司財富創造能力TOP10)” and “2019 Noteworthy Real Estate Enterprises in Capital Market (2019值得資本市場關注的房地產公司)” by authoritative media. In addition, the Company has been awarded with “Professional Leading Brand of China in Comprehensive Development” (中國複合地產專業領先品牌) for thirteen consecutive years in the Chinese real estate brand value research and selection event, with its brand value exceeding RMB10 billion. By virtue of Beijing North Star Co., Prudential Property Management Co., Ltd.’s professional management and quality services, it was rated as “2019 China Property Service Featured Brand Enterprise” (2019中國物業服務特色品牌企業), with its brand value and brand influence continuously improving.

Behind the honor is trust and responsibility. Beijing North Star will continue to uphold the corporate mission to “create property value, build a century’s foundation”, enhance service quality, strive for innovation and forge ahead during the development and transformation process.

6. Investor Relations

By establishing diversified communication platform, such as on-site road show, investors research, teleconference, special column on the website of the Company and telephone hotline, the Company continuously improved the investor relations management mechanism, strengthened timely, effective and two-way communication with its investors, enabled investors to gain more knowledge and better recognition of the Company, reached consensus and lay the foundation for the company’s comprehensive and overall management of investor relations.

7. Fulfill social responsibility and promote sustainable development of enterprises

The year 2019 marked the 70th anniversary of the founding of the PRC and was a key year for the implementation of the 13th Five-Year Plan. In the year, the Company actively fulfilled its social responsibilities, made its contributions to poverty alleviation and provided supports for the cause of environmental protection, and all these efforts have brought positive results. During the Reporting Period, for the purpose of promoting the healthy and harmonious development of the society, as part of the social

welfare activities carried out by the Company to care for groups with special needs, the Company made a donation of RMB950,000 to Beijing Chunmiao Charity Foundation; the Company conscientiously advanced the poverty alleviation work under the partner assistance model in Baihutou village, and as a result, all of the 27 low-income families in Baihutou village got above the low income line in 2019, marking a significant progress for our poverty alleviation work; under the guidance of green development, as part of our efforts to contribute to the ecological environment construction of Beijing, the Company participated in the construction of the first micro and small wetland protection and restoration project in Beijing and worked diligently on various environmental protection tasks. The Company achieved a surplus of 5,000 tons of carbon dioxide in terms of carbon emission quota during the year, contributing to the construction of ecological environment in Beijing with concrete actions; further, with sustainable development as its target, the Company has disclosed its “Social Responsibility Report” (namely environmental, social and governance report) for ten 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 2019” (2019年度ESG卓越企業).

III. INDUSTRY LANDSCAPE AND TREND

The year 2020 is the closing year for building a well-off society in an all-round way and the implementation of the “Thirteenth Five-Year Plan”. China will adhere to the new development philosophy, focus on high-quality development, stabilize growth, accelerate reform, adjust economic structure, benefit people, prevent risks and maintain stability to ensure that the economy operates within a reasonable range. In addition, the impact of the Novel Coronavirus Pneumonia epidemic is short-term and will not change the fundamentals of China economy with good prospects in the long run.

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, establish long-standing management and control mechanisms to stabilize the land premium, house price and market expectations, and promote the stable and healthy development of the real estate market. 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 long-term effectiveness and stability of policies and create a good environment for the long-term development of the real estate industry.

As for investment properties (including hotels), due to the fact that the continuous progress of China's opening-up, the great power diplomacy with Chinese characteristics, the "One Belt, One Road" cooperation initiative and regional coordination are exerting increasing impact, the convention and exhibition industry in China will be provided with broader space for development and new opportunities, which will in turn drive the development of relevant industries such as hotel and catering. As at the end of 2019, the Central Economic Working Conference reaffirmed its strong commitment to develop rental housing with the aim of building up a sound policy environment for apartment market.

IV. DEVELOPMENT STRATEGY OF THE COMPANY

The Company will seize the opportunities for development, orient itself towards "operation with light asset, support by new economy, expansion at low cost and development of high-end service industry", speed up the real estate development and maintain stable operation of the convention and exhibition business, on top of these, it will put innovation and high-quality development as driving force and expedite building the Company into a first-class composite real estate brand enterprise and the most influential exhibition brand enterprise in the PRC.

1. Development Properties

In respect of development strategies, the Company will pay attention to relevant policies in a timely manner. As for key areas such as Beijing, Tianjin and Hebei, the Yangtze River Delta, Guangdong, Hong Kong, Macao as well as Chengdu-Chongqing circle which have strong economic vitality and high population density, the Company will increase its preliminary research efforts, adhere to regional deep cultivation, adopt one policy for one city, and actively obtain high-quality land resources, ensuring the Company's sustainable development; In terms of project operation, the Company will, while optimizing project development speed and cash repayment ratio, proactively cater to changes in market demand, optimize product structure, upgrade product services, and enhance the overall competitiveness of the enterprise. As for innovation in the development model, the Company will focus on the main business of real estate development, integrate diversified resources, and seek new opportunities arising from collaborative development, spark the advantages of each business, enhance the pooled effects of all lines and provide new driving force to the business development of the Company through organic integration and interaction of real estate development, convention and exhibition, health and elderly care, cultural creativity and other business lines.

2. Investment Properties (Including Hotels)

The Company will, on the basis of maintaining its brand-based, market-oriented, professional and standardized development, strengthen the top-level design and overall planning, and practically improve the ability to integrate convention and exhibition resources, and strengthen the relevance, systemicity and synergy of the various business ends in the industry chain such as exhibition research business, hosting and undertaking of exhibitions, entrusted management of convention and exhibition venues, inspiring the development potential of North Star Events industry to a greater extent, so as to speed up the realization of becoming the most influential convention and exhibition brand enterprise in China.

3. Nurturing Business

In terms of health and elderly care, the opening and operation of North Star ORPEA International Elderly Nursing Center (北辰歐葆庭國際頤養中心) in Changsha 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 create a sustainable elderly care development model by integrating aged-targeted real estate with existing main business of real estate development at a policy level and in a professional perspective. In respect of cultural creativity, the Company will continue to analyze the penetration and support role of culture and innovation industry on other industries, make full use of its characteristics – high integration, high scalability, and high value-added, and strive to propel the interactive integration and mutual promotion between culture and innovation industry and the Company's main business.

4. Financing and Capital Expenditure

The Company will take action during the best period of financing, fully utilize the advantages of the “headquarters financing” mode, and carry out debt financing in a timely manner, further decrease finance costs, strengthen project cash management and control, increase capital utilization efficiency, continue to expand multiple financing channels, so as to meet the capital needs in project construction and operation of each segment.

In 2020, the Company's investment in fixed assets is expected to be RMB730 million, which will be paid according to project progress and funded by internal resources.

V. SCHEME OF OPERATIONS

In 2020, it is estimated that new construction area of the Company's development properties will be 1,080,000 square meters, the area for new and resumed construction will be 7,530,000 square meters and the completed area will be 2,480,000 square meters. Overcoming the impact of the regulation policy on real estate industry, the Company will strive to achieve sales of 1,260,000 square meters with contracts signed (including parking spaces) amounting to RMB23 billion in 2020.

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. Short-term risks in relation to the Novel Coronavirus Pneumonia Epidemic

In early 2020, the outbreak of the Novel Coronavirus Pneumonia Epidemic has caused relatively material impacts on the economy of China in the first quarter of 2020. All industries including the real estate industry and service industry have been subject to impact of different levels. Due to the outbreak of the epidemic and the introduction of relevant precautionary and control measures, the construction area and sales area of the real estate development business, and occupancy rate and lodging rate of investment properties and hotels of the Company would be affected to some extent in the short term.

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

2. Policy Risks in Development Properties

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

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

3. Market Risks

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

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

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

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

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

VII. ANALYSIS ON CORE COMPETITIVENESS

After more than two decades of development, China's real estate industry has gradually tended to be at a rational and mature stage during the process of initiation, exploration, development and adjustment. In recent years, China's real estate market has been characterized by rapid expansion in scale, continuous increase in industry concentration, constant innovation in business models and increasingly diversified means of financing.

As for future development of China's real estate industry, under the general principal of seeking progress while maintaining a stable performance in the development of China's economy, as the golden fast-growing age of the real estate market has come to an end, it is entering the silver age of relatively stable development at medium and high speed, in which the differentiated development of cities has become a new normal. And against the backdrop of the government's adherence to classification-based control, city-based policies and prevention and control of financial risks, the real estate industry is situated in a policy period that gives rise to new development opportunities featuring the integration of various industries and capital sources driven by innovation, transformation and evolution.

Under such sectoral background, the Company's comprehensive operating capacity in the real estate market and its brand influence have become its advantages and core competitiveness. After years of development, the Company has formed a complete industry chain covering real estate investment, development and operation. The real estate development, being the source of revenue growth, and real estate operation, being the basis for stable income, 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 eleven consecutive years. Besides, in recent years, the Company sticks to the strategy of low-cost expansion and has taken various measures to advance regional expansion with balanced regional layout. As at the end of the Reporting Period, it has launched real estate development business in 15 cities, namely Beijing, Changsha, Wuhan, Hangzhou, Chengdu, Nanjing, Suzhou, Hefei, Langfang, Chongqing, Ningbo, Wuxi, Haikou, Meishan and Guangzhou, representing the Company’s foundations and professional capability for nationwide development.

On the other hand, as one of the PRC’s largest exhibition 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, Beijing Fair, 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 addition, the Company has intensively pushed ahead with exhibition brand expansion in the past two years, making remarkable achievements in the promotion of its exhibition brand throughout the country. In the meantime, the Company takes the opportunity of the establishment of the North Star Events Group 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 operation of convention and exhibition venues, sponsoring and undertaking of conventions and exhibitions, informationization of convention and exhibition, and research and development and education 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 unswervingly adhere to three major strategies of low cost expansion, brand expansion, and capital expansion to sustain the overall development path featuring “asset-light operation, support of new economy, low-cost expansion and development of high-end services”, in a great effort to develop into a nationally leading composite real estate brand and the PRC’s most influential exhibition-brand enterprise.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2019, the equity attributable to ordinary shareholders of the Company increased by 8.11% as compared to 31 December 2018. The increase was mainly due to the additional increase of profit attributable to ordinary shareholders of the Company of RMB1,788.709 million during the Period.

The Group’s bank and other borrowings as at 31 December 2019 amounted to RMB24,726.933 million. As at the end of the year, net values of the Group’s 5-year corporate bonds, 7-year corporate bonds and 5-year medium-term notes were RMB2,148.321 million, RMB1,494.971 million and RMB1,314.638 million, respectively. Asset-backed securities were RMB985 million 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 RMB82,849.732 million, whereas the current liabilities amounted to RMB50,103.124 million. As at 31 December 2019, balances of cash at bank and on hand amounted to RMB11,775.741 million (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 2019, the Group had secured borrowings from banks and other financial institutions of RMB14,739.585 million with certain investment properties, hotel properties and properties under development as the collaterals. The asset-liability ratio calculated by total liabilities divided by total assets for the Group was 74% as at the end of the Reporting Period (31 December 2018: 77%).

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 RMB764 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 2019, 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 2019, the Company had 5,440 employees. The employee remuneration policy of the Company is that the total salary is paid with reference to its economic efficiency. Save for the remuneration policy disclosed above, the Company did not provide any share option scheme for its employees. The Company regularly provides its management personnel trainings on various subjects, including operation management, foreign languages, computer skills, industry know-how and policies and laws. The trainings are provided in different forms, such as seminars, site visits and survey tours.

CORPORATE GOVERNANCE CODE

The Company strives to maintain and establish a high level of corporate governance and had fully complied with the codes and provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company has established an audit committee since September 2004. The audit committee comprises three independent non-executive directors, namely Mr. WU Ge (as chairman), Mr. FU Yiu-Man and Mr. DONG An-Sheng. 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 2019.

By Order of the Board
BEIJING NORTH STAR COMPANY LIMITED
HE Jiang-Chuan
Chairman

Beijing, the PRC, 21 April 2020

As at the date of this announcement, the Board comprises 9 directors, of which Mr. HE Jiang-Chuan, Mr. LI Wei-Dong, Ms. LI Yun, Mr. CHEN De-Qi, Ms. ZHANG Wen-Lei and Mr. GUO Chuan are executive directors and Mr. FU Yiu-Man, Mr. DONG An-Sheng and Mr. WU Ge are independent non-executive directors.