北辰实业
BEIJING NORTH STAR

HKEx Stock Code: 0588
SSE Stock Code: 601588

2014 Annual Report

Contents

Corporate Profile

Beijing North Star Company Limited (the "Company") was established by its sole promoter, Beijing North Star Industrial Group Limited Liabilities Company on 2 April 1997. The shares of the Company were listed on the Hong Kong Stock Exchange in May in the same year. In October 2006, the Company's A shares were issued and listed on the Shanghai Stock Exchange.

The Company's total registered capital is 3,367,020,000 shares, of which 2,660,000,000 shares (representing 79.002% of the total share capital) are A shares and 707,020,000 shares (representing 20.998% of the total share capital) are H shares.

The Company is principally engaged in development properties, investment properties (including hotels) and commercial properties.

The development properties business mainly set foot in Beijing aiming to expand beyond Beijing and consists of the development and sales of residential units, apartments, villas and offices of different classes and features which provide for commercial purposes. Current major development projects of the Company include North Star Green Garden, Olympic Media Village, Shunyi Mapo Project, Fragrant Hill Qingqin Villas, North Star Red Oak Villa, North Star Bihai Fangzhou Garden Villas, North Star · Xianglu, North Star · Fudi, Modern Beichen Yue MOMA, and North Star Delta Project, North Star Central Park Project, Beichen Modern Wuhan Guanggu Project and Hangzhou Beichan Zhiguang Project.

Corporate Profile (Continued)

Total gross floor area of properties owned and operated by the Company exceeds 1,270,000m^2, out of which 1,200,000m^2 was in the Asian-Olympic core district in Beijing which mainly comprises the integrated properties in Asian Games Village with a total gross floor area of 600,000m^2, National Convention Centre and the integrated properties under its ancillary projects with a total gross floor area of up to 530,000m^2 and large-scale commercial facilities in the residential area of Beichen Green Garden.

Investment properties (including hotels) and commercial properties involve convention, hotel, office, apartment business and shopping malls, which formed a characteristic functional area of "North Star Convention and Exhibition" in the Asian-Olympic core district. Taping on convention business to bring into full play, the Company adopts a business strategy of "co-sale of convention and exhibition". Its operating items mainly include the National Convention Centre, Beijing International Convention Centre, InterContinental Beijing Beichen, V-Continent Beijing Parkview Wuzhou Hotel, Beijing Continental Grand Hotel, National Convention Centre Hotel, Hui Bin Offices, Hui Xin Offices, North Star Times Tower, North Star Century Center, Hui Yuan Apartment, North Star Shopping Centre (Asian Sports Villiage Store (亞運村店)), North Star Shopping Centre (Beiyuan Store (北苑店)) and etc. Projects outside Beijing include Intercontinental Changsha (長沙北辰洲際酒店).

Persisting to the principle of maximizing shareholders' profit and on a historic mission to "create property value, build a century's foundation", the Company is committed to building up a unique business model featuring integrated real estate, striving to meet the strategic target of building a "top national large-scale real estate enterprise with integrated operation".

Integrated properties in Asian Games Village

Financial Highlights

RESULTS

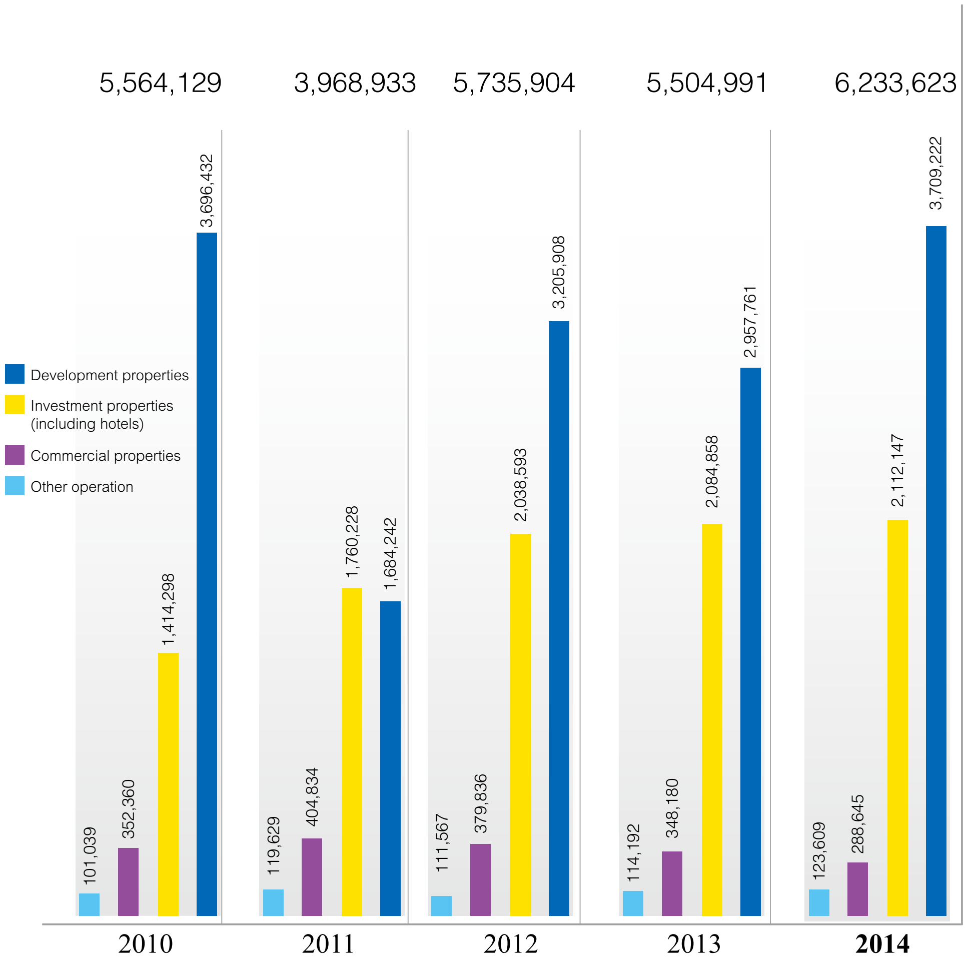
Year ended 31st December	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000
Continuing operations					
Revenue	6,233,623	5,504,991	5,735,904	3,968,933	5,564,129
Profit before income tax	1,569,370	1,355,309	1,422,649	1,703,876	1,789,913
Income tax expenses	733,013	523,224	(476,465)	(509,229)	(588,668)
Profit for the year from continuing operations	836,357	832,085	946,184	1,194,647	1,201,245
Discontinued operations					
Loss for the year from discontinued operations	—	—	—	—	—
Profit for the year	836,357	832,085	946,184	1,194,647	1,201,245
Attributable to:					
Equity holders of the Company	779,992	799,535	970,008	1,172,525	1,099,787
Non-controlling interests in equity	56,365	32,550	(23,824)	22,122	101,458

ASSETS AND LIABILITIES

As at 31st December	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000
Total assets	44,474,442	38,561,963	35,762,460	34,343,048	30,574,653
Total liabilities	28,307,778	23,067,596	(20,857,332)	(20,283,093)	(17,599,501)
Total equity	16,166,664	15,494,367	14,905,128	14,059,955	12,975,152

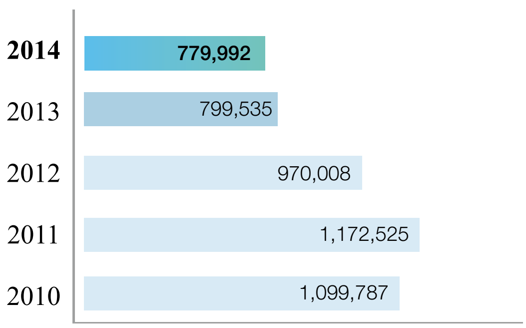
REVENUE BY BUSINESS

RMB'000



PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

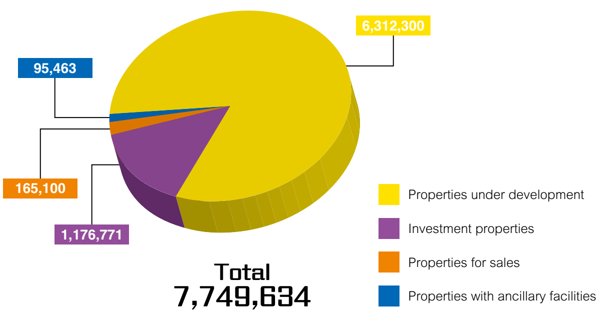
RMB'000



GROSS AREA OF PROPERTY PORTFOLIO

m²

For the year ended 31 December 2014



Chairman's Report

Dear Shareholders,

On behalf of the board of directors (the "Board"), I am pleased to present you the operating results of the Company for the year ended 31 December 2014.

As of 31 December 2014, and according to the HKFRSs, the Company recorded a turnover of RMB6,233,623,000, representing a year-on-year increase of 13.24%. Due to the increase in the gain on changes in fair value of investment properties, the profit before tax of the Company represented a year-on-year increase 15.79% and amounted to RMB1,569,370,000. Influenced by the renovation and reformation of certain investment property projects, the increase in the account for the preliminary stage of the new projects of the Company and the increase in the settlement account for the holding subsidiary in the real estate projects as compared with that of last year, the profits attributable to equity holders of the Company amounted to RMB779,992,000, representing a year-on-year decrease of 2.44%. Among which, the core operating results of the Company's principal business after tax was RMB659,088,000, representing a year-on-year decrease of 16.81%. Profits per share was RMB0.23, decreased by 2.44% as compared with that of 2013.

Looking back at 2014, despite the aforementioned factors which caused fluctuations in the Company's results, the company tightly focused on three major expansion strategies including capital expansion, brand expansion and the low-cost expansion, forged ahead and made bold changes and innovations, so that the operations presented many highlights and sustainable development capability was significantly improved. In particular, in respect of development properties, the Company concentrated on accelerating its turnover rate, resulting that development cycle of new projects was dramatically shorten. In respect of investment properties, the Company continuously enhanced its comprehensive operating capability, so as to favorably complete the supporting missions of reception service of APEC forum. Low-cost expansion intensified the efforts on joint development, leading a fast increase in the size of the land reserve. As for brand expansion, the Company made key breakthrough in entrusted operation, so that the number of management and output projects grew steadily. The Company highlighted multi-channel financing in capital expansion for injecting new power to sustainable development of the Company.

Looking ahead to 2015, the national economy of the State will maintain a stable growth with a focus on implementing directional adjustment and control as well as in-depth reform and opening, and stimulating economic and social development potential on the basis of regional regulation and control. In respect of development properties, the real estate market will develop steadily and healthily through supporting to demands for owner-occupied and upgraded housing and exercising macro-control measures in accordance with the place in the general tone of classified guidance. As for investment properties and commercial properties, the State will foster the consumption growth points in an accelerate manner, which will become a driving force of strong economic growth. In the policy and context of overall in-depth reform, development, expansion and improvement of tourism and leisure consumption, culture and sports consumption, consumption in relation to provision for the aged, housekeeping and health, as well as emerging consumption will provide a wider space for industry development.

Chairman's Report (Continued)

With the rapid arrival of a new economy and in view of China's economy and the new layout of reform, 2015 is a year for the Company not only to adapt to the new normal and seize new opportunities, but also to make progress in stability, seek perfection in improvement, and carry out innovative development. On the one hand, the Company attaches great importance to the new economy characterised by macro-data in the internet. The Company will be fully aware of its strong force and profound influence, and deeply explore the essential improvement of the increase in added value and improvement of competitiveness while embedding and integrating the Company's traditional business. On the other hand, with the State's collaborative development strategy for Beijing-Tianjin-Hebei region and the strategic positioning of the capital, Beijing as the national political centre, cultural centre, international exchange centre and scientific innovation centre were determined, industrial layout of Beijing-Tianjin-Hebei and urban function and development of the capital, Beijing will have significant changes. The Company will not only serve the capital, highlight the capital function, but also pay close attention to new hot regions and industrial layout in the transition process, find and seize business opportunities and achieve sustainable development and great-leap-forward expansion of the company. Meanwhile, the Company adhered to implementation of the development strategy of capital expansion, brand expansion and low-cost expansion, particularly the innovative financing in capital expansion, the high-end service in brand expansion and the cooperation and mergers in low-cost expansion, give full play to the strength of the capital market and create a new development pattern of heavy-asset investment-oriented business and light-asset service-oriented business.

I firmly believe that all staff of North Star will work hard to achieve the historical mission of "creating property value, building a century's foundation" and the strategic target of "creating a nationwide large first-class integrated real estate operating enterprise" with strong sense of professionalism and high sense of responsibility, and without disappointing investors' great trust!

Finally, on behalf of the Board, I would like to express our most sincere gratitude to all shareholders who have been supporting the development of the Company, and also to all the members of the Board and the supervisory committee of the Company for their due diligence, and to extend our heartfelt thanks to all the staff of the Company for all the hard work they have done!

HE, Jiang-Chuan
Chairman

Beijing, the PRC, 18 March 2015

Panorama of North Star Delta

The Board's Discussion and Analysis on the Company's Operation During the Reporting Period

1. OPERATING ENVIRONMENT

In 2014, in face of the complex economic environment within and outside the country, the PRC government insisted on the keynote of "proceeding while maintaining stability". Proactive fiscal policies and stable monetary policies have been promoted continuously, which highlighted new drivers, strengthened risk control and accelerated the change of models and adjustments on structure, realizing an enhancement in the quality and efficiency of economic development. As such, the economy ran healthily and smoothly with a growth rate of GDP of 7.4% for the year.

① Development Properties

In the first three quarters of 2014, affected by the moderately tight monetary policy of the macro-economic operation of the PRC, the property industry experienced a weak trend, speculative sentiment pervaded the market, transaction volume dropped significantly and the growth in transaction prices slowed down gradually. In the fourth quarter, the market picked up due to the easing of restrictions on purchase and lending. However, for the year as a whole, as the property inventory level remained high, the entire market was still facing the pressure from excess supply, which further deepened the difference between cities. According to National Bureau of Statistics (the same applied hereafter), sale areas of commodity residential units in the property market of the country for the year of 2014 decreased by 9.1% over the same period last year to 1,051,820,000m^2. Average trading price of commodity residential units increased by 1.4% over the previous year to RMB5,932 per m^2.

In the first-tier cities, Beijing was affected by the cumulative effect of the speculative sentiment and increasing supply in its property market, transaction volume decreased significantly and rapid increase in prices stopped. In the fourth quarter, as the policy of restriction on lending eased, the transaction volume picked up, but the price rose at a slower pace. As the land prices increased rapidly in the land market, the total revenue from land transfer reached a record high. In 2014, sales areas and sales amount of commodity residential units in Beijing decreased by 16.3% and 13.6% as compared to the same period last year to 11,410,000m^2 and RMB210,200,000,000 respectively. The average trading price was RMB18,422 per m^2, representing an increase of 3.2% as compared to the same period last year.

In the second-tier cities, as the policy of restriction on purchase and lending eased in the second half of the year, a series of measures such as the policy of purchasing house for registered permanent residence, fiscal subsidy, provident fund adjustment, deduction and exemption of deed tax and so forth were introduced, and policy environment became more favourable, transaction volume in certain cities recovered gradually. However, since the situation of excess supply still existed, de-stocking was still a core problem in some cities. In particular, sales areas and sales amount of commodity residential units in Changsha's property market decreased by 19.8% and 24.0% from the same period last year to 13,310,000m^2 and RMB72,700,000,000, respectively. The average trading price of commodity residential units was RMB5,458 per m^2, representing a decrease of 5.2% as compared to that in 2013. Sales areas and sales amount of commodity residential units in the Hangzhou property market decreased by 1.7% and 6.0% from the same period last year to 9,530,000m^2 and RMB133,700,000,000, respectively. The average trading price of commodity residential units was RMB14,035 per m^2, representing a decrease of 4.4% as compared to that in 2013. Sales areas and sales amount of commodity residential units in the Wuhan property market increased by 13.1% and 15.6% from the same period last year to 19,790,000m^2 and RMB146,400,000,000, respectively. The average trading price of commodity residential units reached RMB7,399 per m^2, representing a rise of 2.2% as compared to that in 2013.

② Investment Properties (including hotels)

As a result of the changes in the supply and demand relationship and the market, the development of each segment of the investment properties (including hotels) market throughout the country was diverse. As for investment properties (including hotels) market in Beijing, the demand for office buildings was robust, which resulted in the continuous modest growth in rental prices and the net absorption rate in the fourth quarter was pushed to a record high in the past three years. The high-graded hotels and catering segment saw different degrees of decline in both industry performance and the operating results due to the changes in market demand, leading to the gradual appearance of structural contradictions. As Beijing strived to construct and establish a new type of city functional area of national-level for convention and exhibition service, culture and sports, and promoted the construction of itself into an international convention and exhibition industry central city, the convention and exhibition market played a more significant driving role for related industries and the convention and exhibition economy enjoyed a more prominent position. The demand for long-term lease in the apartment market rebounded gradually, which drove the steady growth of the occupancy rate and the level of the rental prices.

③ Commercial Properties

The growth of transaction size of online shopping in the total retail sales of consumer goods throughout the country in 2014 was 10.7%, representing an increase of 2.9 percentage points from 2013, which indicated that the rapid growth of online shopping has become a new engine to drive the growth of consumption. Facing the more and more intense competition in the industry, traditional commerce is gradually enhancing its development of integration with the e-commerce to promote structural adjustment and business transformation of the commerce model.

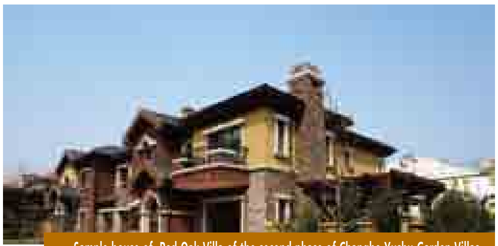
2. REVIEW OF OPERATIONS DURING THE REPORTING PERIOD

In 2014, facing changes in situation and severe competitions, the Company adjusted its marketing strategies in a flexible manner, grasped the market development opportunities and made full use of the regional advantages of its properties to reinforce the construction and interactive development of North Star conventional functional areas. Meanwhile, focusing on the implementation of the three major expansion strategies, namely capital expansion, brand expansion and low-cost expansion as well as innovative development, it made remarkable progress in low-cost expansion and brand expansion, and opened up the new innovative financing situation, thus enhancing its sustainable development capability.

In 2014, the Company recorded an operating revenue of RMB6,233,623,000, representing a year-on-year increase of 13.24%. Influenced by the growth in gains generated from changes in fair value of investment properties in last year, the profit before income tax increased by 15.79% to RMB1,569,370,000. Influenced by the higher settlement amounts for the non-wholly owned subsidiaries of the Company in the real estate projects as compared with that of last year, the profit attributable to equity holders amounted to RMB779,992,000, representing a decrease of 2.44%. Influenced by the transformation and renovation of certain projects of the investment property segment and increase in preliminary expenses of newly-added projects of the Company, the core operating results after tax from the Company's principal business (excluding gains from change in fair value) decreased by 16.81% over the same period last year to RMB659,086,000. The gains from changes in fair value on investment properties (after tax) amounted to RMB120,906,000 during the period. Earnings per share was RMB0.23, representing a year-on-year decrease of 2.44%.

① Development Properties

During the reporting period, the Company speeded up the turnover of property development and shortened substantially the development circle of new projects. Meanwhile, based on the market changes and project positioning, the Company carried out marketing interaction with the clients through several channels, and promoted the recognition and cost performance of its products. In the Beijing region, by virtue of its elaborate design and construction and preliminary client reserve preparation, the sales of North Star Red Oak Villa (北辰紅橡墅) ranked top among the villas in North Olympic Area. North Star Fudi enhanced its whole sales of commercial properties, entered into a whole sale agreement for A09 group and achieved a contractual sales amount of RMB810,000,000. Bihai Fangzhou continued the work of contract signing and recorded a sales amount of RMB370,000,000. The overall structure of Shunyi Mapo project was completed and laid a solid foundation for being put into the market for sale when appropriate in 2015.



Sample house of Red Oak Villa of the second phase of Changhe Yushu Garden Villas

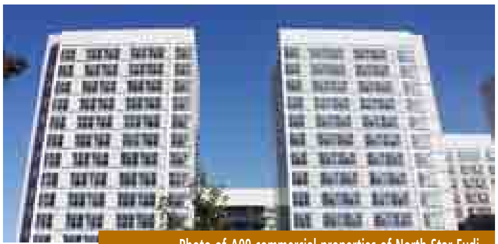
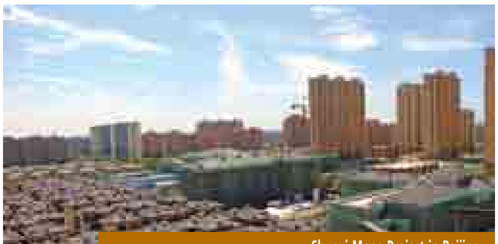


Photo of A09 commercial properties of North Star Fudi

Bihai Fangzhou Villa



Shunyi Mapo Project in Beijing

The Board's Discussion and Analysis on the Company's Operation During the Reporting Period (Continued)

In the Changsha region, the Company is actively pressing ahead the construction and sale of Changsha North Star Delta Project, the biggest urban complex in the country. As at the end of 2014, the project recorded area commencing construction of 3,070,000m^2 and completed gross floor area of 1,640,000m^2, representing 56% and 30% of the gross floor area respectively. While vigorously pressing ahead the construction of project, the Changsha North Star Delta Project effectively integrated with the existing resources in the area and satisfied the multi-level demand of different people through the business operation model combining residence, education, recreation, business, commerce, social contact and other aspects. As the cost performance and attraction of the project improved continuously, it has become the first in both the sales area and sales amount of general business of the Changsha property market in 2014. During the reporting period, the Changsha North Star Delta Project achieved sales areas of 179,000m^2 with 1,382 units sold in total and contracted sales (including car parks) of RMB2,158,520,000. The average sales price of residential units of this project reached RMB8,770 per m^2. As another masterpiece of the Company in South City of Changsha, the North Star Central Park project is located in the Tianxin Ecological New Town near the provincial government. From acquisition of land to opening for sale, it marked a record speed for development and construction of real estate projects of the Company. Moreover, its sales results have been ranked top among the villas in the area. While consolidating the smooth progress of Beijing and Changsha area projects, the Company firmly implemented low-cost expansion strategy, proactively expanded the land reserve through measures such as cooperation and development and acquisition of projects. During the reporting period, the Company obtained additional land reserve of 1,680,000m^2 through 4 transactions.


Existing view of Block B1E1 of Changsha North Star Delta (December 2014)


Photo of Dingjiangyang of Changsha North Star Delta


Visualised birdview of Block C1 of Changsha North Star Delta in daylight


Visualised birdview of Block E4 of Changsha North Star Delta in daylight

Visualised birdview of Block E6 of Changsha North Star Delta in daylight

Townhouses in Block A of North Star Central Park (February 2015)

In 2014, the operating revenue of the development properties segment of the Company recorded RMB3,709,222,000 (including car parks), representing a year-on-year increase of 25.4%. The profit before tax was RMB687,102,000, representing a year-on-year increase of 1.7%. During the reporting period, in the property development segment, the Company had area under construction of 2,850,000m^2 and completed area of 760,000m^2. The contracted sales (including car parks) amounted to RMB4,091,420,000 with sale areas of 265,000m^2.

Table 1: Summary table of the sales of the Company's real estate projects in 2014

Project	Location	Equity	Total measured investment (RMB in 100 million)	Total gross construction area ('0,000 m²)	Total area available for sale ('0,000 m²)	Areas sold in the current period ('0,000 m²)	Cumulative sales area ('0,000 m²)	Amount gained from sales in the current period (RMB in 100 million)	Settlement area in the current period ('0,000 m²)	Cumulative settlement area ('0,000 m²)	Amount settled in the current period (RMB in 100 million)
North Star Xianglu	Haidian District, Beijing	100%	26.1	31.2	21.6	1.1	14.6	2.9	1.9	13.6	4.4
North Star Fudi	Chaoyang District, Beijing	100%	27.5	45.9	38.9	4.5	35.2	9.2	3.6	33.3	6.7
Shunyi Mapo Project	Shunyi District, Beijing	100%	24.4	21.3	13.3	–	–	–	–	–	–
Bihai Fangzhou	Chaoyang District, Beijing	50.5%	17.4	7.7	4.7	0.4	4.5	3.7	0.6	3.9	5.9
North Star Red Oak Villa	Changping District, Beijing	99.1%	27.6	21.4	13.8	0.4	3.2	1.4	–	2.7	–
Changsha North Star Delta	Changsha, Hunan	100%	330.0	549.0	392.0	17.9	89.5	21.6	17.1	56.1	19.5
North Star Central Park	Changsha, Hunan	51%	48.0	90.6	71.1	1.4	1.4	1.1	–	–	–
Remaining sale of other projects	–	–	–	–	–	0.8	–	1.1	0.5	–	0.6

Note: "Changhe Yushu" was renamed as "North Star Red Oak Villa".

② Investment Properties (including hotels)

In 2014, the Company recorded operating revenue from investment properties (including hotels) of RMB2,112,147,000, representing a year-on-year increase of 1.3%. Influenced by the renovation and reformation of certain projects and early stage of operation of new projects, and without taking into account the amortization of interest expenses, profit before tax amounted to RMB555,547,000, representing a year-on-year decrease of 15.4%. With changes in market, the Company adjusted operating measures and expanded management concept in a timely manner. On one hand, the Company took full advantages of diversified businesses and strong correlation of investment properties (including hotels) to effectively diversify operation risks from changes in market; on the other hand, the Company expedited brand expansion and management output. While proactively exploring the entrusted operation of convention and exhibition centres, the Company successfully achieved a new breakthrough in management output of exhibition and hotel brand, laying a solid foundation for parallel development of asset-oriented investment and service businesses which involve fewer assets of the Company.

As the center of the functional areas of North Star Convention and Exhibition, National Convention Centre and Beijing International Convention Centre received 1,646 conventions and exhibitions in total during the reporting period. Under the Company's strategy of "combining convention and exhibition" and with joint effort of relevant investment property including hotels entities, the service assurance tasks for the significant national foreign affair, forum of Asia-Pacific Economic Cooperation (APEC) as well as CIFTIS (京交會) and Beijing NPC and CPPCC (兩會) were satisfactorily completed. In particular, during the seven-day APEC meeting, the Company undertook meeting, accommodation, catering and other services for six days. State and regional leaders from 21 economic entities attended the meeting. The services provided by the Company guaranteed the success of 210 meetings and 165 catering events including the fourth Concluding Senior Officials' Meeting, Meeting of Ministers of Foreign Affairs and Trade, and CEO Summit of APEC. The Company has accumulatively provided accommodation for representatives attending the meeting, media reporters and meeting personnel for over 13,000 persons and meeting service for over 90,000 persons. All the above were spoken highly of by the government and relevant departments and received wide acclaim from domestic and overseas media. It was another successful reception of high-standard material comprehensive international activity after the successful reception of 1990 Asian Games and 2008 Olympic Games, which created a new beginning for North Star Convention and Exhibition to receive foreign affairs for the State, and became a new milestone in the development history of the Company. Beijing National Convention Centre actively adjusted meeting marketing strategy, continuously subdivided market, flexibly applied price leverage and improved utility efficiency of meeting sites to keep operating results stable while accomplishing the reception work of APEC forum.

The Board's Discussion and Analysis on the Company's Operation During the Reporting Period (Continued)

Providsion of venue by InterContinental Beijing North Star during APEC period

Statue of Shuanglongxizhu at China National Convention Center during APEC period

Thanksgiving banquet of 2014 CIFTIS held at V-Continent Beijing Parkview Wuzhou Hotel.

Provision of venue and services by Beijing International Convention Centre during APEC period

Beijing CPPCC held at Beijing International Convention Centre

The Board's Discussion and Analysis on the Company's Operation During the Reporting Period (Continued)

In respect of office building business, the Company continuously adhered to differential positioning of market, implemented co-sale of multiple projects, adjusted and upgraded customer structure and fully explored high-end customer resources, so as to continuously and steadily improve occupancy rate and rental income, which has become an important source of profit from the investment properties (including hotels) segment.


Outside view of North Star Times Tower

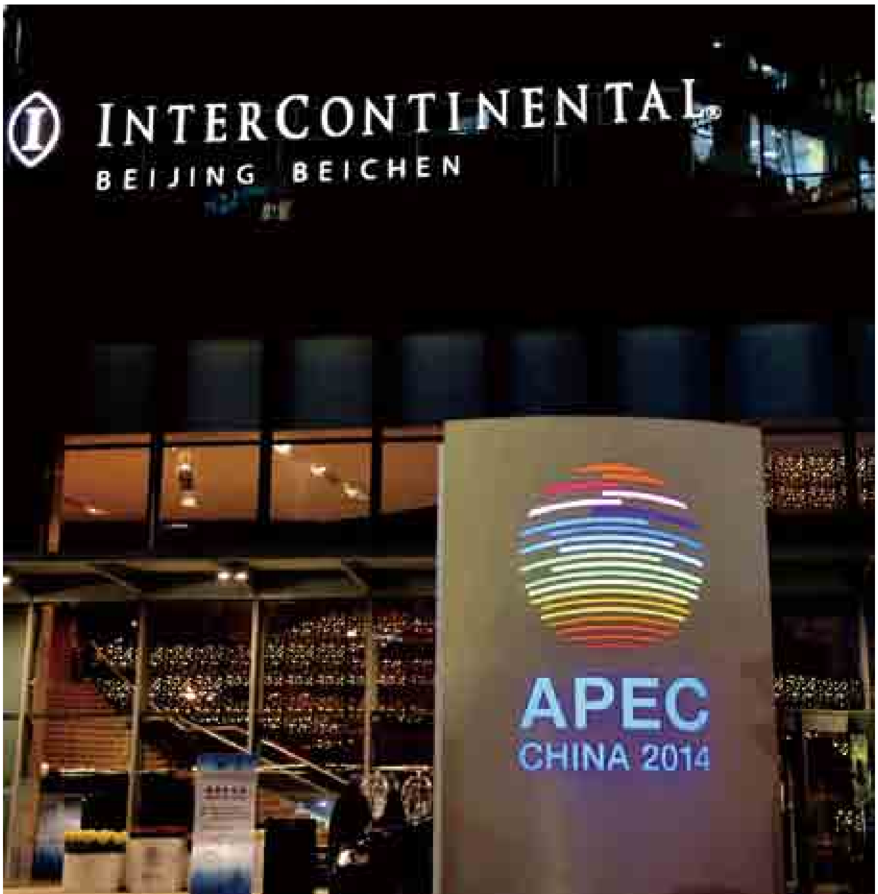

Outside view of North Star Hui Bin Offices


Office of North Star Century Center

Proactive response was taken to cope with the changing demands of the market and customers in the hotel business. The Company endeavoured to adjust marketing strategies, to improve service satisfaction of customers, and to explore channels to new customers with advantages in brand and resources, thus room rates and occupancy rate were higher than the average level in the industry.


V-Continent Beijing Parkview Wuzhou Hotel and Wuzhou Continental Grand Hotel


Outside view of Wuzhou Continental Grand Hotel & Beijing International Convention Centre



Provision of accommodation by InterContinental Beijing North Star during APEC period

Main entrance of InterContinental Changsha North Star at night

The Board's Discussion and Analysis on the Company's Operation During the Reporting Period (Continued)

With the operating characteristics of differential products and diversified customers in apartment business, the Company increased efforts in marketing and promotion in the market and optimized structure of customer source, so as to remain high in occupancy rate and to raise room rates steadily.

King-bed room in Building E of North Star Hui Yuan Apartment

Table 2: Summary table of the operation of the Company's holding properties in 2014

Classification of business	**Gross floor area** *('0,000 m²)*	**Area for lease** *('0,000 m²)*	**Occupancy rate** *(%)*	**Average rental**
Convention centres	32.6	12.5	60	RMB16–50/m²/day
Office buildings	32.1	21.4	90	RMB180–240/m²/ month
Apartments	18.4	10.1	89	RMB6/m²/day
Hotels	21.2	(Number of guest rooms: 1,766)	70	RMB550–1,100/ room/night

Note: InterContinental Changsha, with 74,000m² of GFA and 391 guest rooms, started operation at the end of 2014 and was not included in the table above.

③ Commercial Properties

In respect of commercial properties, faced with the impact of e-commerce on physical retail industry and people's constant changing needs for consumption, the Company actively changed marketing ways to continuously carry out brand replacement and business layout adjustment, carried out in-depth study of and explored interaction and integration of e-commerce and entity operation, and endeavoured to satisfy the one-stop service needs of the customers.

Outside view of North Star Shopping Centre (Asian Sports Village Store)

North Star Shopping Centre (Beiyuan Store) at night

In 2014, the commercial properties segment recorded an operating revenue of RMB288,645,000, representing a year-on-year decrease of 17.1%. Profit before tax was RMB5,011,000.

Table 3: Summary table of the operation of the Company's commercial properties in 2014

Classification of business	GFA ('0,000 m^2)	Operation forms	Mode of operation	Area for lease ('0,000 m^2)	Occupancy rate (%)	Average rental
North Star Shopping Centre (Asian Sports Village Store)	3.0	Department store, supermarket, leasing	Joint operation, supplemented by leasing and self operation	0.08	100	
North Star Shopping Centre Life Square (生活廣場)	1.5	Supermarket ,leasing	Leasing supplemented by self operation	0.56	95	Rental for retail leasing: RMB5.46-10/m^2/day
North Star Shopping Centre (Beiyuan Store)	6.5	Department store, supermarket, leasing	Joint operation, supplemented by leasing and self operation	0.54	96	
The Legend	2.9	Leasing	Leasing	1.73	100	Rental for whole leasing: RMB4.11/m^2/day

Note: Joint operation means that the Company and suppliers jointly carry out marketing and settle at a deduction rate according to contracts;

Self operation includes two operation modes of distributions and consignments.

④ Overall Strength and Brand Building

In recent years, the Company has been committed to intensification of brand building and development of North Star. The Company focused on general framework of brand planning outline and promotion work continuously surged ahead, which not only strengthened influence of the Company in the industry, but also improved comprehensive competitive strength, laying a foundation for brand expansion of convention and exhibition centres and hotels. In the reporting period, the Company has been honoured as the "Leading Brand of China's Integrated Property Industry (中國複合地產專業領先品牌)" for the 8th consecutive years by China Property Top 10 Research Group comprising Development Research Centre of the State Council, Tsinghua University and China Index Research Institute. In addition, the Company also gained the "Urban Development Motive Force Award (城市發展推動力大獎)" appraised and elected by the China Real Estate News (中國房地產報) and CIHAF (住交會).

⑤ Investor Relations

The Company highly values the establishment and enhancement of the mutual communication system with the capital market. The Company has established a wide range of channels for communicating with investors such as roadshows, field research of domestic and foreign investors, teleconference, the investor relations column on the Company's website and hotlines to communicate with investors in a timely manner, and closely monitor the movement of the capital market. As a result, investors can easily access the Company's information and the up-to-date industry trend, and the Company's business principle can be conveyed effectively. In addition, the Company and its subsidiaries strive to enhance the coverage and effectiveness of the communication channels with investors using various technologies and platforms.

⑥ Environmental Protection Efforts

The Company has attached great importance to the balance of environmental protection and economic benefits. Through implanting the concept of environmental protection into the procedures of current construction projects and strengthening environmental protection measures, the Company has established a positive image of social responsibility. Thus, the Company's soft strength is improved, and a positive interaction among the corporate, government and the society is formed, which creates a favorable external environment for the Company's sustainable development. During the reporting period, among the developing construction projects, the environmental friendly features of offices in the A1 Area of Changsha North Star Delta Project, such as high-performance heat insulation system with protection structures and high-performance glass curtain wall, were awarded the "LEED-CS Golden certificate" by the U.S. Green Building Council, and the "Two-Star Green Building Design Label Certificate" by the Ministry of Housing and Urban-Rural Development.

For holding properties, the Company has continued to reinforce the innovation of technology and the renewal and transformation for energy saving and consumption reduction. During the reporting period, the Company replaced three lithium bromide refrigerators, respectively, to convert the previous steam refrigeration into electrical refrigeration, which improved the operation efficiency of machines and further reduced energy consumption. The project was recommended by the National Development and Reform Commission of Chaoyang District of Beijing to be listed as a municipal key project for demonstration of clean production. In addition, the Company focused on energy saving and reduction in consumption and continued to advance the "LED Light Promotion Plan (LED燈推廣計劃)" for Asian Games core district. During the reporting period, an aggregate of 18,000 LED lights were updated, and the annual conservation of electricity was estimated to be over 2,000,000 kWh.

⑦ Implementation of development strategy of the Company

The Company relied on the business model integrating "property development and sales" and "property ownership and operations" to speed up the implementation of the three expansion strategies, i.e. low-cost expansion, brand expansion and capital expansion.

In 2014, the Company focused on the low-cost expansion strategy. On the one hand, by way of increasing efforts in project cooperation and development, merger and acquisition, it rapidly increased land reserves in the first and second-tier cities and strategic cities at a relatively low cost in the land market, achieving the objective of developing large-scale properties with a relatively low capital investment. On the other hand, it continuously optimised the standardized management construction for projects from the perspectives of cost management, product design management, marketing management and customer service to promote project development efficiency and improve corporate competitive strength.

Table 4: Summary table of the operation of the Company's new property projects in 2014

Project	Total gross floor area *(0'000m²)*	Gross floor area in which the Company has interests *(0'000m²)*
North Star Central Park	90.6	46.2
Beichen Modern Wuhan Guanggu Project (北辰當代武漢光谷項目)	32.5	14.6
Hangzhou Beichen Zhiguang Project (杭州北辰之光項目)	31.5	22.1
Modern Beichen Yue MOMA (當代北辰悅MOMA)	13.1	6.6
Total	167.7	89.5

Perspective view of Queyuan Road in North Star Central Park

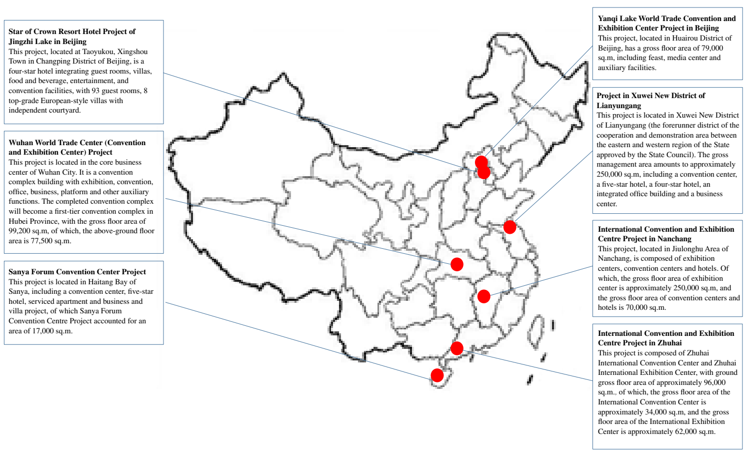
Visualised picture of street view of sales department of Wuhan North Star Donghu Project

Birdview of Shunyi Qianjin Xincheng Project

The Board's Discussion and Analysis on the Company's Operation During the Reporting Period (Continued)

As for brand expansion strategies, by expanding management outsourcing for holding properties, the Company entered into contracts for over seven consulting and entrusted operation projects in total with basic consultation and service fee expenses summing up to approximately RMB8 million (exclusive of reward commission). Meanwhile, the Company actively studied to expand to the upstream of convention and exhibition industry by way of capital measures and mergers and acquisitions based on the features and yield level of the convention and exhibition industry, thereby achieving comprehensive expansion for the convention and exhibition brand of North Star.

Table 5: Summary table of the entrusted operation projects and consulting projects of the Company in 2014



With a focus placed on capital expansion strategy, the Company utilized the platform of "corporate financing" to explore multi-channel financing methods. During the reporting period, the Company obtained financing of RMB1,700 million from Taikang Life Insurance and the financing of RMB800 million from Pacific Insurance. In particular, the financing from Pacific Insurance is the first domestic insurance loan scheme financing to improve credit rating by way of pledge of assets.

In 2014, the major financing channels of the Company included bank loans (entrusted loans inclusive), credit financing and insurance loan scheme financing. The balance of the above financing channels amounted to RMB10,063,500,000, RMB2,050,000,000 and RMB2,500,000,000 respectively as at the end of the reporting period. During the reporting period, the capitalised expenditure for borrowings amounted to RMB599,270,000, at an annual capitalisation rate of 7.07%, and a weighted average interest rate for borrowings of 6.76%. During the reporting period, apart from the guarantees by the Company in respect of mortgage facilities granted by banks relating to the mortgage loans arranged for purchasers according to business practices, there was no other form of external guarantees.


Projected view of Hangzhou North Star Xiaoshan Project

⑧ Analysis of core competitiveness

After over twenty years of development, the real estate industry in China has shown the characteristics of rapid size expansion and remarkable promotion of industrial concentration ratio. The 2013 and 2014 Research Reports on China Top 100 Real Estate Developers show that: firstly, the regional scale and asset size of China top 100 real estate developers continued to expand. As at 2012, the average number of cities in which China top 100 real estate developers had entered exceeded 15 and the asset size underwent an explosive growth. The average value of total assets in 2013 amounted to RMB66,390,000,000 which was approximately seven times of that in 2006. The sales volume recorded a substantial growth. The average sales amount of China top 100 real estate developers in 2013 was RMB25,038,000,000, representing an increase of 34% as compared to last year. Seven companies recorded a sales amount of RMB100,000,000,000 or above. The average sales amount of Top 10 enterprises in respect of comprehensive strength among the China top 100 real estate developers reached RMB97,960,000,000. Secondly, the size of land reserve of China top 100 real estate developers was increasing. As at 2012, the average land reserve of China top 100 real estate developers reached 12,094,000 square metres which were in a balanced distribution and injected sufficient power for the subsequent growth of asset size of enterprises. Thirdly, the operation level of China top 100 real estate developers was in continuous enhancement. In 2013, the turnover rates of total assets, inventory and stock assets of China top 100 real estate developers were 0.41, 0.48 and 0.60, respectively, representing an increase of 0.02, 0.04 and 0.08, respectively, as compared to last year. Efficient operation has become an important guarantee for the performance growth of real estate enterprises.

For the future development of real estate industry in China, under the general keynote of making progress while maintaining stability of China's economy, the national macroeconomic policy and monetary policy will maintain stable and it is highly unlikely for the government to promulgate large scale stimulating policies. Meanwhile, with the continuous enhancement of urbanization rate and GDP per capita, the future ten years of China will still be a period of healthy and rapid development for the real estate industry. Real estate industry (particularly residential development) still has a development period of at least 10 to 20 years and the real estate industry will enter a stage laying equal stress on development and holding.

Under the aforementioned backdrop of the industry, the Company's advantages and core competitiveness are mainly represented by its composite capacity of real estate operation and branding effects. The unique business mode integrating "property development and sales" and "property ownership and operations" of the Company can achieve both earnings growth through real estate development and long-term stable earnings through leasing and operation of properties, and has risk resilience superior to that of real estate enterprises which are solely engaged in development. The Company's comprehensive capacity of operation of integrated real estate allowed it to have obvious advantages in the development of large and integrated real estate projects. Ever since 2007, the Company has won the "Leading Brand of China's Integrated Property Industry (中國複合地產專業領先品牌)" rated by China Index Academy for eight consecutive years. In addition, in the Asian-Olympic core district in Beijing, investment properties (including hotels) owned and operated by the Company exceed 1,200,000 m^2, mainly comprising the integrated properties in Asian Games Village with a total gross floor area of 600,000 m^2, National Convention Centre and the integrated properties under its ancillary projects with a total gross floor area of up to 530,000 m^2 and large-scale commercial facilities in the residential area of Beichen Green Garden. The Company is at a leading position in the domestic real estate industry and has strong risk resilience.

In the future, the Company will continue to expand the business size and asset size of integrated property, expand the regional scale for real estate development following the policy of "based in Beijing and expanding beyond Beijing", improve operational efficiency and expand financing channels in more ways.

3. COMPETITION LANDSCAPE AND DEVELOPMENT TREND IN THE INDUSTRY

In 2015, China will continue to adhere to the general principle of progressing while maintaining stability, focus on improving the quality and effectiveness of economy development, adapt to the new normality of the economy development proactively and shift its focus of economic work to pattern change and structural adjustment. It will gradually strengthen the support for strategic new industries and service sector. Meanwhile, China will also promote the stable and healthy development of the Chinese economy and proactively explore new point of economy growth.

For property development, the current real estate market is still in the cycle of adjustment with fluctuations within a narrow band on the market. The real estate market is expected to develop steadily and healthily under the macro policy implemented by the central government that supports demands for owner-occupied and upgraded housing and exercising region-specific measures with classified guidance.

For investment properties (including hotels), while strengthening its urban functional positioning as a "Cultural Centre" and an "International Communication Centre", Beijing also seized the opportunity of successfully hosting the APEC, a substantial foreign affairs activity of the PRC, to gradually turn itself into a central city of international convention and exhibition industry with multiple functions such as the exchange on Chinese and foreign culture and sports under the guidance of the "Plan of the Construction and Development of Cultural and Creative Industries Zone in Beijing 2014–2020 (北京市文化創意產業功能區建設發展規劃 (2014–2020年)). This further provided a larger room for the development of convention and exhibition industry in Beijing. For commercial properties, as the government continuously implemented economic reformation and gave full play to the fundamental function of consumption, and accelerated the gradual adjustment and upgrade of consumption structure. With further increase in consumers' purchasing power, the potential of consumer market will continue to be released.

4. THE COMPANY'S DEVELOPMENT STRATEGY

Amid the new normality and new reform of China's economy, the Company will focus on the three strategic principles of expansion, actively address the situation and develop innovatively, continue to increase land reserve in a timely manner and make a breakthrough towards upstream industry in brand expansion. Meanwhile, the Company will carry out in-depth study on the impact and integration of new economy especially big data of the internet on the Company's traditional businesses. While developing traditional and innovative businesses, and asset-oriented investment business and service businesses which involve fewer assets at the same pace, the Company will also pay close attention to new hot regions and industrial layout arising from the collaborative development of Beijing-Tianjin-Hebei region, identify business opportunities and achieve sustainable development and great leap-forward expansion of the company. In 2015, the Company will still strictly control its cost, expenses and expenditure, continuously reduce expenses, strengthen budget rigidity and regulate budget execution.

① Development Properties

The Company will give due consideration to the risk of short-term adjustment of the market and the long-term development strategy of the Company, in order to precisely seize the "window period" of the sales of projects. It will also speed up turnover rate of projects and development using the internet platform, internet concepts and innovative marketing strategy. Meanwhile, through mergers and acquisitions and collaborative development, the Company will further expand its land reserve in the first and second tier cities as and when appropriate to promote the growth potential of property development. Within Beijing, the Company will strengthen management and control of cost and expenses, and expedite sales of remaining properties of several on-sale projects. Meanwhile, it will actively prepare for launching Shunyi Mapo Project (順義馬坡項目) and Modern Beichen Yue MOMA Project (當代北辰悦MOMA) sales to the market, in order to speed up fund return for supporting the development of forthcoming business.

For projects outside Beijing, the overall quality and absorption affinity of North Star Delta Project in Changsha (長沙北辰三角洲項目) are becoming outstanding due to the excellent municipal infrastructure, the unique waterfront scenery, rare educational resources and salient business and commercial atmosphere. Therefore, the Company will, on the basis of continuing to speed up project construction, and the new development of C1 region, innovate continuously the marketing strategies. It will expedite advancement of project sales to continuously take the lead in Changsha market. In addition, the Company will accelerate the pace of the development of new projects in Wuhan and Hangzhou regions, carry out early marketing and promotion to secure customers and lay a solid foundation for launching hot sales campaigns.

In 2015, the Company expects to commence construction of area of 930,000m^2 achieve, area under construction of 3,020,000m^2 and completed gross floor area of 660,000m^2. It will also strive to accomplish sales area of 620,000m^2 and contracted sales of RMB7,600,000,000 (including car parks).

② Investment Properties (including hotels)

The Company will continue to rely on the comprehensive advantages of the urban functional positioning of Beijing as a "Cultural Centre" and an "International Communication Centre", and diversification in businesses and strong co-movement and synergy of the investment properties (including hotels) segment. The Company will improve operating and services abilities of its investment properties in accordance with the high standard of hosting the APEC forum. Furthermore, the Company will also fully utilise new technologies and new economy to vigorously enhance the development of innovative businesses, strengthen its brand expansion to the upstream and downstream industry chains of the convention and exhibition business, and actively accelerate the new growth momentum.

③ Commercial Properties

The commercial properties will keep in line with the development trend of the industry to deeply study the differentiated operation of physical stores. Guided by the internet model of thinking, the Company will pay attention to the integration and presentation of experience interaction and service upgrade in consumption, so as to establish the business form of experimental service.

④ Financing and Capital Expenditure

Giving full play to the advantage of the mode of "headquarters financing", the Company will increase the effectiveness of capital use and safety, and continue to explore new financing models. We will spare no effort in developing and constructing new financing platform. Furthermore, the Company will promote the integration of industry and finance and continue to optimize the corporate capital structure, so as to lay a solid foundation for the sustainable development of the Company.

In 2015, the Company anticipates an investment of RMB270 million in fixed asset investment which will be paid according to the progress of construction. The investment will be financed by the Company's own capital.

5. POSSIBLE RISKS

① Market Risk

While the real estate industry is anticipated to maintain a healthy and stable trend of development in the next 10 years or so, in face of the complex and ever-changing market environment, the contradictions between the supply and demand in the real estate market are expected to persist, and the competition will be more intense. Meanwhile, amid the rise of a new model of economic development, the economy will rely less gradually on the traditional pattern of investment to promote economic growth. As a result, the developing pace and profitability of the real estate industry will be hindered, thus bringing certain risks to the overall operation of the real estate projects of the Company.

To address the above risks, the Company will take a flexible approach towards market changes through the research on new categories of real estate operations such as elderly care and cultural tourism, and the study on low-cost expansion. It will accelerate the development and turnover of projects, perfect and optimize product structures and innovate the mode of sales and marketing in order to further enhance the core competitiveness and sustainability of the Company.

② Policy Risks

To guide and facilitate a sustainable, stable and healthy development of the property industry, the State and government authorities adopted a series of macro-control measures in recent years to regulate and control supply and demand of property industry with a view from finance, tax, land and housing supply structure through monetary, fiscal policy and industrial policies, which pose certain risks for property enterprises in respect of land acquisition, project development and construction, sales and financing.

In response to the above risks, the Company will accurately grasp the macro situation, actively adjust operating strategy, take the initiative to follow the direction to which government policies are heading, actively allocate more resources to expand its business to cover products of rigid demand and better housing in a way that it acts in line with the state government's policies, accelerate turnover rate of projects and enhance the capability of sustainable development under the general background of macro control.

③ Risks Associated with Sales

Real estate development is a systematic project with a long cycle involving many stages and large investments. As the wait-and-see sentiment spreads, the purchasing power and demand of potential customers will be to a certain extent influenced. In addition, as the operational cycle of real estate projects is relatively long, if the Company cannot correctly pinpoint the changes in consumers' needs and make timely responses in such areas as project positioning, planning and designing, it may affect the sales of the products.

In response to the above risks, the Company will focus on the changes of market demand. Guided by consumers' needs, the Company will enhance the research and development of the products whilst accelerating the turnover of projects to avert the sales risks brought about by market changes.

④ Risks Associated with Geographical Concentration of Operations

At present, operating revenue of the Company was mainly generated from Beijing and Changsha. If material adverse changes occurred in Beijing and Changsha, operation and management of the Company may be affected.

In response to the above risks, the Company will take advantage of its existing brand edge and business experiences to expedite selection and development of projects in other regions. In 2014, the Company successfully entered Wuhan and Hangzhou, and will launch presale campaigns in 2015 to obtain sales funds. In the future, it will also accelerate overall allocation in each region throughout the country, so as to diversify operating risk, and achieve the strategic target of creating a large nationwide first-class integrated real estate operating enterprise.

6. ANALYSIS OF THE COMPANY'S SUSTAINABLE DEVELOPMENT CAPABILITY

The Company's business principle of "emphasizing both progress and stability, while expediting development and controlling risks simultaneously" serves as the rationale for its sustainable development. An appropriate size of 6,480,000m^2 of land reserve (area of attributable land reserve is 5,700,000m^2) which matches the current development capability of the development properties is a prerequisite for the Company's sustainable development. Under the continuous adjustment of the real estate industry, the stable cash flows generated from the ongoing operation of properties held of 1,270,000m^2 are the strong support for the Company's sustainable development. Its integrated operation mode as a composite property developer, together with the strong risk resistant ability during market fluctuations, provide a foundation for the Company's sustainable development. With continuous improvement in the operation level of the additional assets of the investment properties, acceleration of the turnover of property project development and nationwide layout, solid progress for the principal business of the Company and the continuous expansion of its scale of operation, the Company's sustainable development capability will be enhanced continuously as well.

Zeng Jin
General Manager

Beijing, the PRC, 18 March 2015

Report on Corporate Governance

We seek to achieve the highest standards in corporate governance, the cornerstone of which is to have an experienced and committed board, and to enhance transparency for shareholders. The Company has already adopted a well-accepted governance and disclosure practice, and will keep improving such practices, so as to nurture a corporate culture reaching high ethical standards.

Throughout the course of 2014, the Company complied with the requirements of the Corporate Governance Code of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (the "Listing Rules"). The following is an outline of the Corporate Governance Code adopted by the Company.

THE BOARD

Under the stewardship of the chairman, the Board is charged with the responsibility of approving and monitoring the overall strategic plans and policies of the Company, approving operation plans and investment proposals, evaluating performance of the Company and overseeing the work of the Company's management.

A total of nine directors serve on the Board, including the chairman, deputy chairman, four executive directors and three independent non-executive directors. Mr. HE Wen-Yu, the executive director of the Company resigned as director on 11 November 2014; Mr. LIU Huan-Bo was appointed as the executive director of the Company at the first extraordinary general meeting of 2014 held on 11 November 2014.

In accordance with the requirements of the Listing Rules, independent non-executive directors must be vetted by the Board to have no direct or indirect material relationships with the Company before they are regarded as independent. The Company has received written confirmation from each independent non-executive directors of his independence and considered all independent non-executive directors are independent to the Company. There is no financial, business, family or other material/related relationship existing among the directors.

In 2014, in order to ensure the directors being fully informed and accommodate to the needs for their contribution to the Board, all the directors of the Company actively participated in continuing professional development and participated the themed training relevant to corporate governance organized by the domestic regulatory authorities, and timely studied the laws, regulations and documents issued by regulatory authorities.

The terms of the independent directors of the Company have not exceeded the required length of the domestic and foreign regulations.

The Board should meet regularly and Board meetings should be held at least 4 times a year. The Board had met 35 times in total during 2014.

The Board delegates the authority and responsibility for implementing day-to-day operations, business strategies and management of the Group's businesses to the executive directors, senior management and certain specific responsibilities to the Board committees.

The attendance of each of the directors is set out below:

Directors	No. of meeting attended in person/ No. of meetings held	No. of meeting attended by proxy *(Note)*/ No. of meetings held
Executive directors		
Mr. HE Jiang-Chuan	35/35	0/35
Mr. LI Chang-Li	35/35	0/35
Ms. ZHAO Hui-Zhi	34/35	1/35
Mr. HE Wen-Yu (resigned on 11 November 2014)	34/35	1/35
Mr. ZENG Jin	28/35	0/35
Mr. LIU Jian-Ping	35/35	0/35
Mr. LIU Huan-Bo (appointed on 11 November 2014)	7/35	0/35
Independent non-executive directors		
Mr. LONG Tao	35/35	0/35
Mr. GAN Pei-Zhong	33/35	2/35
Mr. WONG Yik Chung	35/35	0/35

Note: Pursuant to Article 149 of the Articles of Association of the Company, a director can delegate in writing another director to attend Board meetings on his or her behalf if that director cannot attend the meetings for any reason.

Subsequent to the appointments, all directors must offer themselves for election in the annual general meeting in order to be able to continue to serve their terms, and should resign once every three years. In the event of vacancy in the Board, recommended candidates should be referred to shareholders' general meeting for approval, with a view to appointing people possessing leadership abilities, in order to maintain and enhance the Company's competitiveness.

In January 2005, the Board adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as the disciplinary rules governing securities dealings by the relevant directors of the Company. During the year of 2014, none of the directors and supervisors of the Company had dealt in securities of the Company.

THE CHAIRMAN AND GENERAL MANAGER

Ms. ZHAO Hui-zhi resigned from the position of the general manager of the Company on 3 March 2015, in the meantime, Mr. ZENG Jin was appointed as the general manager.

The chairman of the Board and the general manager are held respectively by Mr. HE Jiang-Chuan and Mr. ZENG Jin. These positions have been clearly defined with separate responsibilities.

The chairman is responsible for leading and supervising the operations of the Board, effective planning of Board meetings, ensuring the Board is acting in the best interests of the Company. The chairman shall proactively encourage directors to fully participate in the business of the Board and to make contributions to the functioning of the Board. To this end, the Board meets at regular intervals while the chairman must meet at least once annually with the independent non-executive directors without the presence of the executive directors. Under the stewardship of the chairman, the Board of the Company has adopted well accepted practices and procedures in corporate governance, and has undertaken appropriate measures to maintain effective channels of communication with the shareholders.

The general manager is responsible for the administration of the company business, as well as the formulation and implementation of company policies, and answerable to the Board in relation to the Company's overall operation. The general manager of the Company works in close collaboration with the other executive directors and the administrative and managerial team of each core business department of the Company, ensuring the Board is made fully aware of the funding needs of the business operation of the Company. Assisted by the financial controller of the Company, the Company's general manager ensures the funding needs of the business operation of the Company are sufficiently met and at the same time closely monitors the operation and financial performance of the Company according to the business plans and budget of the Company, and takes remedial measures as the circumstance requires, and offers opinions to the Board on substantive development and matters. The general manager of the Company is required to keep in close liaison with the chairman and all directors, ensuring that the latter are well briefed on all substantive business development and matters of the Company, and taking a leading role in building and maintaining a highly efficient administrative support team to help him or her to discharge the assigned duties in this position.

ACCOUNTABILITY OF DIRECTORS ON COMPANY'S FINANCIAL STATEMENTS

Directors are charged with the responsibility to compile the Company's financial statements in each financial year with supports from the accounting department, and to ensure that the relevant accounting policies are applied consistently and the accounting standards issued by the Hong Kong Institute of Certified Public Accountants are complied with in the preparation of such financial statements and to report the state of affairs of the Company in a true and fair view manner.

The statement issued by the auditor on its reporting responsibilities is set out in the Independent Auditor's Report on pages 56 to 57 of this annual report.

FUNCTIONS OF CORPORATE GOVERNANCE

The Board of the Company adopted terms of reference of directors with the duties of corporate governance, the terms of reference include formulating and reviewing on the policy and practice of corporate governance of the Company, and submitting recommendation thereof to the Board. In addition, the review and supervision on the training and continuing professional development of the directors and senior management as well as the policy and practice of the Company in the compliance of laws and regulations are also included in the terms of reference. Besides, the formulation, review and supervision on the code of conduct and compliance manual of the employees and directors, as well as the review on the compliance on the Corporate Governance Code and the disclosure in the Report on Corporate Governance of the Company are also set out in the terms of reference.

In the year of 2014, the Board has fulfilled the aforesaid functions of corporate governance.

AUDIT COMMITTEE

The audit committee of the Company is made up of three independent non-executive directors with the necessary commercial skills and experience to understand financial statements. This committee is currently chaired by Mr. LONG Tao and the other members are Mr. GAN Pei-Zhong and Mr. WONG Yik Chung.

The terms of reference of the audit committee of the Board of the Company is to recommend appointment or replacement of independent external auditors, oversee internal auditing systems of and implementation by the Company, verify the Company's financial information and its disclosure, examine internal control systems of the Company, and to take charge and act as a conduit between internal and external auditing functions.

Pursuant to the stipulations in the Rules of Procedures of Meetings of the Audit Committee of the Board of Directors of the Company, the audit committee of the Board of the Company performed their duties in due diligence. During the reporting period, the audit committee held four meetings, at which, they mainly considered the audit opinion of the external auditors on the financial report and internal report for the year of 2013 of the Company, and the review results of the external auditors on the interim report for the year of 2014 of the Company. In addition, the audit committee of the Company gave full play to their functions as a professional committee and proactively promoted the establishment of the internal control system of the Company. In addition, the committee guided the internal audit work of the Company in real earnest and coordinated the communication and cooperation between the Company and the external auditors, so as to improve the relevant work efficiency.

The attendance of each of the members is set out below:

Members	No. of meetings attended/ No. of meetings held
Mr. LONG Tao	4/4
Mr. GAN Pei-Zhong	4/4
Mr. WONG Yik Chung	4/4

REMUNERATION AND EVALUATION COMMITTEE

The remuneration and evaluation committee of the Board of the Company comprises three independent non-executive directors. This committee is chaired by Mr. LONG Tao, with the other two members being Mr. GAN Pei-Zhong and Mr. WONG Yik Chung.

The terms of reference of the remuneration and evaluation committee of the Board of the Company are to study the assessment standards for directors and managerial staff, and to carry out the assessment and to make recommendations, to study the remuneration policy and schemes for directors and senior management personnel, to recommend to the Board on the remuneration of individual executive directors and senior management as well as the remuneration of non-executive directors.

Pursuant to the stipulations in the Rules of Procedures of Meetings of the Remuneration and Evaluation Committee of the Board of Directors of the Company, the remuneration and evaluation committee seriously performed their duties in due assiduity. During the reporting period, the remuneration and evaluation committee of the Board of the Company held one meeting to consider the Remuneration Management System of the Company (Draft) and recommend the Company to further optimize the income structure of the employees taking into account of the actual self-condition.

For the year ended 31 December 2014, the remuneration of the members of the senior management by band is set out below:

Remuneration band *(RMB)*	**Number of persons**
Less than 1,000,000	7

Note: The members of the senior management disclosed above refer to the employees other than directors and supervisors.

Further particulars regarding the directors, supervisors and senior management's emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in notes 27 to the financial statements.

The attendance of each of the members is set out below:

Members	**No. of meetings attended/ No. of meetings held**
Mr. LONG Tao	1/1
Mr. GAN Pei-Zhong	1/1
Mr. WONG Yik Chung	1/1

NOMINATION COMMITTEE

The nomination committee of the Board of the Company comprises three independent non-executive directors and two executive directors. This committee is chaired by Mr. HE Jiang-Chuan, with the other four members being Mr. LI Chang-Li, Mr. LONG Tao, Mr. GAN Pei-Zhong and Mr. WONG Yik Chung.

The nomination committee of the Board of the Company is responsible for the nomination of the directors and managerial staff of the Company. It is also responsible for the review of the structure, number of members and composition of the Board, as well as the evaluation on the independence of the independent non-executive directors.

The Company is of the view that the diversity of the Board is one of the essential factors in sustaining the competitive edge of the Company and facilitating the sustainable development of the Company. When considering the composition of the Board, various aspects would be considered for the diversity of the Board, including but not limited to gender, age, cultural and ethnic background, education, professional qualifications, skills, knowledge and expertise, etc.

The nomination committee of the Board of the Company is responsible for reviewing the principle of diversified selection in nomination of directors, assisting and maintaining the diversified visions and various educational backgrounds and professional knowledge, which include the in-depth understanding in the real estate industry, the operational and management in property development, hotel and convention and exhibition, and the professional qualifications in the fields of law and accounting. Each directors has years of experience in his respective professional fields. Whatever backgrounds or experiences the directors have, they all take it as their common goal to promote the industry in order to bring sustainable growth for the Company.

Directors of the Company shall be elected at the shareholers' general meeting for a term of three years. Upon expiry of the team, a director shall be eligible for re-election.

Pursuant to the stipulations in the Rules of Procedures of Meetings of the Nomination Committee of the Company, during the reporting period, the nomination committee of the Board of the Company held one meeting, at which, they considered the resolution in relation to changes in the executive directors of the Company and examines the biographies and basic information of the candidates for the directors according to the recruiting and selecting procedures of directors, as well as proposed the relevant matters to the Board of the Company for consideration. In addition, the nomination committee of the Board examined and checked the structure, number of members and composition of the Board of the Company, and evaluated and examined the independence of the independent directors of the Company. Therefore, they were of the view that the structure and composition of the Board of the Company was in compliance with the requirements of the corporate governance and there was no impact on the independence of the independent directors.

The attendance of each of the members is set out below:

Members	**No. of meetings attended/ No. of meetings held**
Mr. HE Jiang-Chuan	1/1
Mr. LI Chang-Li	1/1
Mr. LONG Tao	1/1
Mr. GAN Pei-Zhong	1/1
Mr. WONG Yik Chung	1/1

STRATEGIC COMMITTEE

The strategy committee of the Board of the Company comprises 3 independent non-executive directors and 2 executive directors. This committee is chaired by Mr. HE Jiang-Chuan, and the other four are Ms. ZHAO Hui-Zhi, Mr. LONG Tao, Mr. GAN Pei-Zhong and Mr. Wong Yik Chung.

The principal duties of the strategic committee of the Board of the Company are to carry out research and make recommendations on the Company's long-term development strategies and major investment decisions.

Pursuant to the stipulations in the Rules of Procedures of Meetings of the Strategic Committee of the Company, during the reporting period, the strategic committee of the Board of the Company held two meetings. The members of the strategic committee earnestly performed their duties in due diligence. On the basis of analysis of the external environment faced by the Company and taking into account of the actual operation and management of the Company, they discussed the capital operation strategies and regional development scheme of the Company, so as to promote implement of relevant work in relation to capital expansion, brand expansion and low-cost expansion and has achieved phased objectives.

The attendance of each of the members is set out below:

Members	No. of meetings attended/ No. of meetings held
Mr. HE Jiang-Chuan	2/2
Ms. ZHAO Hui-Zhi	2/2
Mr. LONG Tao	2/2
Mr. GAN Pei-Zhong	2/2
Mr. WONG Yik Chung	2/2

SUPERVISORY COMMITTEE

The supervisory committee of the Company comprises five supervisors, with three supervisors representing the shareholders and two supervisors representing the staff and workers.

Mr. LIU Yi and Mr. XUE Jian-Ming, supervisors representing the shareholders of the Company resigned on 11 November 2014 and Mr. ZHAO Chong-Jie and Ms. SONG Yi-Ning were appointed as the supervisors representing the shareholders of the Company on 11 November 2014.

The supervisory committee is chaired by Mr. ZHAO Chong-Jie and the other four members are Mr. LI Guo-Rui, Ms. SONG Yi-Ning, Mr. LIU Yao-Zhong and Mr. ZHANG Wei-Yan.

During 2014, the supervisory committee of the Company exercised its monitoring authority according to the law and protected the legal interests of the shareholders, the Company and the staff. For details of the supervisory committee's works, please refer to Report of the Supervisory Committee in this annual report.

The supervisory committee held 6 meetings in 2014.

The attendance of each of the supervisors is set out below:

Supervisors	No. of meetings attended/ No. of meetings held
Mr. LIU Yi (resigned on 11 November 2014)	5/6
Mr. LI Guo-Rui	6/6
Mr. XUE Jian-Ming (resigned on 11 November 2014)	5/6
Mr. LIU Yao-Zhong	6/6
Mr. ZHANG Wei-Yan	6/6
Mr. ZHAO Chong-Jie (appointed on 11 November 2014)	1/6
Ms. SONG Yi-Ning (appointed on 11 November 2014)	1/6

In accordance with the provisions of the Company's Articles of Association, the term of office for the supervisors shall be three years and they shall be eligible for re-election.

COMPANY SECRETARY

The company secretary is appointed by the Board of the Company. The company secretaries of the Company are Mr. GUO Chuan, senior management of the Company and company secretary on the PRC activities, and Mr. LEE Ka-Sze, Carmelo, external service provider and company secretary on Hong Kong activities. Mr. GUO and Mr. LEE were appointed as company secretaries of the Company in 2004 and 1997 respectively. The company secretary is responsible to provide opinions on corporate governance to the Board and to ensure satisfactory exchange of information between members of the Board and compliance with the policies and procedures of the Board as well as the arrangement of training and professional development to the directors of the Company. The internal major contact person of the Company is Mr. GUO Chuan, company secretary of the PRC activities.

They have received relevant professional training, which fulfilled the requirements of Rule 3.29 of the Listing Rules.

APPOINTMENT AND REMUNERATION OF EXTERNAL AUDITOR

The external auditor currently appointed by the Company is PricewaterhouseCoopers. The work which the external auditor is engaged to perform must produce measurable benefits and added-values to the Company and should not cause adverse effects on the independence or independent standing of its audit function. The auditor's remuneration is disclosed in note 25 to the consolidated financial statements.

INTERNAL MONITORING CONTROL

The Company has established an audit department. The department reports to the Board of the Company, and is responsible for performing auditing duties including organising and implementing regular audits, specific audits and economic liability audits for the Company and its subsidiaries, subject to the approval by the Board of the Company.

The Board has the ultimate responsibility in overseeing the operation of all business units under the Company's management. The Board shall appoint suitably qualified personnel to serve on the Board of all subsidiaries and associates operating in key business areas, attending their board meetings to oversee the operation of such companies. The management in each business area is accountable for the operation and performance of the business under its area of responsibility.

The financial controller of the Company is required to prepare guidelines and procedures for the approval and control of expenditure. All business expenditure must be monitored and controlled according to overall corporate budget, and internally controlled by business centres against the approval level appropriate to the level of responsibilities of the relevant executives. Capital expenditure must be subject to comprehensive monitoring and control in accordance with the annual budget preparation and allocation approval procedures, major items of capital expenditure within allocation approval limits as well as expediture not included in annual budget preparation must be subject to further detailed monitoring and allocation approval by the financial controller or other executive directors of the Company before the projects can be initiated.

In 2014, pursuant to the requirements in the Basic Standard for Enterprise Internal Control (《企業內部控制基本規範》) in Mainland China and the supporting guidelines and the stipulations in other internal control supervisions, the Company conducted self-assessment on the effectiveness of the internal control of the Company and issued the Internal Control Evaluation Report. Through implement of material risk research and surveys, self-assessment of the management, independent assessment of the audit department, immediate improvement on internal control issues and other internal control work, the Company effectively guarantee the reasonableness of design and effectiveness of operation of the internal control system of the Company. Meanwhile, PricewaterhouseCoopers Zhong Tian LLP carried forward audit on the effectiveness of the internal control in relation to the financial report of the Company and issued the Audit Report on Internal Control with unqualified opinions.

Besides, the Board has conducted review of the effectiveness of the internal control system of the Company and its subsidiaries for 2014 and considered the adequacy of resources, qualifications and experience of staff in respect of the Company's accounting and financial reporting function, and their training programs and budget in accordance with code provisions C.2.1 and C.2.2 of the Corporate Governance Code of the Listing Rules.

INVESTOR RELATIONS AND SHAREHOLDER'S INTEREST

The Board of the Company has formulated a policy of shareholder communication to ensure on-going communication between the Company and shareholders as well as investors.

After publication of the Company's interim and annual financial results, the Company has proactively arranged briefing sessions for people from the investment industry at regular intervals, using the opportunity to promote investor relations and two-way communication. Through the investor relations manager, the Company responds to information requests and inquiries by people from the investment industry.

The Company encourages shareholders to participate in general meetings, in which the chairman of the Board of the Company and the chairman of all the professional committees will be on hand to answer questions raised by shareholders on the business operations of the Company. In the general meeting, the Company will explain the detailed procedures on poll to the shareholders and answer the questions of shareholders thereon. The website of the Company also publishes periodically updated financial and other information of the Company, which the shareholders can browse and look through at any time.

GENERAL MEETINGS

In 2014, the Company held 2 general meetings, including the 2013 annual general meeting and the first extraordinary general meeting for 2014.

Attendance of the directors at the general meetings is set out below:

Directors	Annual general meeting	Extraordinary general meeting	Attendance rate
Executive directors			
Mr. HE Jiang-Chuan	1/1	1/1	100%
Mr. LI Chang-Li	1/1	1/1	100%
Ms. ZHAO Hui-Zhi	1/1	1/1	100%
Mr. HE Wen-Yu (resigned on 11 November 2014)	1/1	0/1	50%
Mr. ZENG Jin	0/1	1/1	50%
Mr. LIU Jian-Ping	0/1	1/1	50%
Mr. LIU Huan-Bo (appointed on 11 November 2014)	0/1	1/1	50%
Independent non-executive directors			
Mr. LONG Tao	1/1	1/1	100%
Mr. GAN Pei-Zhong	1/1	1/1	100%
Mr. WONG Yik Chung	1/1	1/1	100%

CONSTITUTION

There was no change on the Articles of Association of the Company in 2014.

RIGHTS OF SHAREHOLDERS

CONVENING OF AN EXTRAORDINARY GENERAL MEETING OR A CLASS MEETING OF SHAREHOLDERS BY SHAREHOLDERS' REQUISITION

Pursuant to Article 97 of the Articles of Association of the Company, shareholders holding more than 10% of the shares of the Company individually or in aggregate shall propose the convening of an extraordinary general meeting or a class shareholders' meeting in accordance with the procedures stipulated in Article 97 of the Articles of Association. Shareholders can submit written requisition to the Board to convene an extraordinary general meeting or a class shareholders' meeting. The written requisition shall state the objects of the meeting and shall be signed by the shareholders and submitted to the secretariat of the Board of the Company.

Article 97 of the Articles of Association is set out in the Articles of Association of the Company.

PUTTING FORWARD PROPOSALS TO THE GENERAL MEETINGS

According to Article 71 of the Articles of Association of the Company, shareholders solely or collectively holding more than 3% of the shares of the Company may submit in writing interim proposals to the convener ten (10) days before the date of the convening of the shareholders' general meeting.

The convener shall, within two (2) days upon receipt of such proposals, review the proposals and serve a supplementary notice of the shareholders' general meeting to announce the content of the interim proposals.

Except for the circumstances prescribed in the preceding provision, the convener may not change the proposal listed in the notice of the shareholders' general meeting or add new proposal after the notice of the shareholders' meeting has been served.

The proposals that have not been listed in the notice of the shareholders' general meeting or that are not in compliance with Article 71 of the Articles of Association shall not be voted and resolved on at the shareholders' general meeting.

Procedures in relation to the nomination of directors by shareholders have been published on the website of the Company.

PROCEDURES FOR DIRECTING PROPOSALS, ENQUIRIES OF SHAREHOLDERS TO THE BOARD

Shareholders can at any time send their proposals, enquiries and concerns to the Board in writing through the secretariat of the Board of the Company. The contact details of the secretariat of the Board are set out in Corporate Information on page 159 of this annual report.

The secretariat of the Board shall forward the proposals, enquiries and concerns of the shareholders to the Board and/or relevant committees under the Board, as appropriate, to answer the questions of shareholders.

In 2015, the Company will continue to dedicate itself to improving the standards of its corporate governance according to changing regulatory requirements, the Company's latest development and feedbacks from shareholders, so as to ensure stable and healthy growth of the Company while enhancing shareholders' value.

By Order of the Board
GUO Chuan
Company Secretary

Beijing, the PRC, 18 March 2015

Profile of Directors, Supervisors and Senior Management

CHAIRMAN

Mr. HE Jiang-Chuan, aged 51, is the chairman of the Board of the Company and a representative of the fourteenth Beijing People's Congress. Mr. He graduated from the Tianjin University and Capital University of Economics and Business with a bachelor's degree in engineering and a master's degree in economics and is qualified as a senior economist. Mr. He was the deputy director of the Beijing Municipal Housing Reform Office and the chief of the Beijing Municipal Housing Fund Management Centre. Mr. He joined BNSIGC in November 1994 as the deputy general manager. Mr. He became an executive director, deputy general manager and company secretary of the Company in 1997. He has been the general manager of the Company since February 2004. He was appointed as chairman of the Company in April 2007. Mr. He was re-elected as executive director and chairman of the Company in June 2012. Mr. He has 27 years of experience in housing reform, real estate finance and property development and management. Mr. He was awarded the gold prize of the 4th Beijing Outstanding Young Entrepreneurs (北京市第四屆優秀青年企業家) and one of the "Top Ten Most Influential Entrepreneurs"(最具影響力十大企業家) in the Sixth Beijing Influence Selection (第六屆北京影響力評選活動).

EXECUTIVE DIRECTORS

Mr. LI Chang-Li, aged 51, is the vice chairman of the Board of the Company. Mr. Li graduated from Guanghua School of Management, Peking University with a master's degree in business administration and a senior economist. Mr. Li served as manager at the International Trade Department of Beijing General Corporation of Business Materials Trade Group (北京建築材料經貿總公司), deputy general manager and general manager of Beijing General Corporation of Building Materials Trade Group (北京建築材料經貿集團總公司), deputy general manager, general manager and director of BBMG Group Company Limited (北京金隅集團有限責任公司), executive director and deputy chairman of BBMG Corporation (北京金隅股份有限公司). Mr. Li joined the Company in 2011. Mr. Li has been the executive director and vice chairman of the Company since 2012. Mr. Li has accumulated more than 25 years of experience in building materials, investment property operation management and real estate development industries in the PRC.

Ms. ZHAO Hui-Zhi, aged 61, is an executive director of the Company. Ms. Zhao graduated from the Beijing Administration College and has received postgraduate education. Ms. Zhao joined BNSIGC in March 1989 and became the executive director and deputy general manager of the Company in 1997. She then became general manager of the Company during the period from June 2000 to February 2004. From February 2004 to April 2007, she was the executive director and chairman of the Company. From April 2007 to March 2015, she became the general manager of the Company. Ms. Zhao was re-elected as an executive director of the Company in June 2012. Ms. Zhao has 24 years of extensive experience in property management such as hotels, convention centres, apartments and office buildings.

Mr. ZENG Jin, aged 45, is an executive director and the general manager of the Company. Mr. Zeng graduated from Renmin University of China with a doctor's degree in management. Mr. Zeng joined BNSIGC in August 1992. He served as the deputy department head of the Property Development Department in the Company, the deputy general manager of Beijing North Star Real Estate Development Co., Limited, the deputy general manager and general manager of Beijing North Star Property. Mr. Zeng was appointed as the deputy general manager of the Company in 2009. Mr. Zeng has become an executive director of the Company since 2012 and was appointed as the general manager of the Company in March 2015. Mr. Zeng has extensive experience in real estate development and management.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. LIU Jian-Ping, aged 60, is an executive director of the Company. Mr. Liu graduated from the Beijing Administration College and has received postgraduate education. He joined BNSIGC in 1988 and served as the general manager of Beijing Continental Grand Hotel. In 1997, he was appointed as an executive director of the Company. Mr. Liu was re-elected as an executive director of the Company in June 2012 and has become the deputy general manager of the Company from March 2012 to March 2015. Mr. Liu has extensive experience in the hotel and investment property operation and management.

Mr. LIU Huan-Bo, aged 57, is an executive director and deputy general manager of the Company. Mr. Liu is a postgraduate of the Party School of Central Committee. Mr. Liu had worked in the Xinqiao Hotel (新僑飯店) and Shigatse Hotel, Tibet (西藏日喀則飯店). Mr. Liu joined BNSIGC since 1989 and had held positions as the general manager of Hui Yuan Apartment, Beijing Recreation Centre Co., Ltd. (北京康樂宮有限公司) and Beijing International Convention Centre. Mr. Liu has been appointed as the deputy general manager of the Company in 2002 and was elected as an executive director of the Company in 2014. Mr. Liu has extensive experience in hotels, convention centres and investment property management.

Mr. HE Wen-Yu, aged 61, is an executive director and deputy general manager of the Company. Mr. He graduated from the Party School of Heilongjiang Provincial Party Committee of the Communist Party of China with a master's degree in business administration of The Open University of Hong Kong. Mr. He joined BNSIGC in August 2006 as deputy secretary of the Communist Party Committee and director of BNSIGC, responsible for supervising BNSIGC supervisory operations. He was appointed as supervisor and chairman of the supervisory committee of the Company in July 2007 and resigned as a supervisor and chairman of the supervisory committee in 2012. Mr. He has become an executive director and deputy general manager of the Company since 2012. In November 2014, Mr. He resigned as the executive director and deputy general manager of the Company. Mr. He has over 20 years of experience in research of market economy theories, marketing and supervisory work.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LONG Tao, aged 62, is an independent non-executive director of the Company. He is the chairman of the audit committee and remuneration and evaluation committee, and a member of the nomination committee and strategic committee of the Company. Mr. Long graduated from Research Institute for Fiscal Science, Ministry of Finance, majoring in Western accounting. Mr. Long holds a master's degree in economics. He had served at Accountancy Division of Central University of Finance and Economics, and New York office of KPMG Peat Marwick. Mr. Long had acted as a member of Securities Issue and Approval Committee of China Securities Regulatory Commission, member of Chinese accounting expert panel for China-Hong Kong Securities Team. Mr. Long is the Chairman of Beijing Investment Consultants Inc. Mr. Long has extensive knowledge and experience in corporate finance, accounting, audit, assets appraisal, restructuring of enterprises and listing. Mr. Long is concurrently an independent non-executive director of Qingling Motors Co., Ltd. (listed on HKSE, stock code: 1122), UBS SDIC Fund Management Co., Ltd., Whoswho Media Co., Ltd. (中外名人傳媒股份有限公司), Beijing Wangfujing Department Store (Group) Company Limited and Crown International Corporation Limited. Mr. Long resigned as the independent non-executive director of China Asset Management Co., Ltd. and the external director of Beijing Public Transport Holdings, Ltd. in 2012. Mr. Long was elected as the independent non-executive director of the Company in 2009, and was re-elected as the independent non-executive director of the Company in June 2012.

Mr. GAN Pei-Zhong, aged 58, is an independent non-executive director of the Company. He is a member of the audit committee, remuneration and evaluation committee, nomination committee and strategic committee of the Company. Mr. Gan graduated from Beijing University majoring in law. He holds a doctor's degree in laws. Mr. Gan is currently a professor of Beijing University Law School, a tutor of Ph.D. students and standing vice-chairman of China Securities Law Association. Mr. Gan has extensive experience in economic law, enterprise law, company law and bankruptcy law. He has published many works in laws and dozens of academic papers. In addition, Mr. Gan had participated in the revisions to the Company Law and Law of Partnership Enterprises. Mr. Gan is concurrently the independent non-executive director of Chuying Agro-Pastoral Group Co., Ltd. (雛鷹農牧集團股份有限公司) (listed on Shenzhen Stock Exchange, stock code: 002477), Beijing Odyssey Chemicals Co., Ltd. (北京奥得賽化學股份有限公司) and Foxit Corporation (福建福昕軟件開發有限公司). Mr. Gan was elected as independent non-executive director of the Company in 2009 and was re-elected as the independent non-executive director of the Company in June 2012.

Mr. WONG Yik Chung, aged 47, is an independent non-executive director of the Company. He is a member of the audit committee, remuneration and evaluation committee, nomination committee and strategic committee of the Company. Mr. Wong graduated from University of Melbourne with a bachelor's degree in business, majoring in accounting, economics and securities laws. Mr. Wong had consecutively served at PricewaterhouseCoopers, Ernst & Young and Deloitte & Touche Corporate Finance Limited. He is currently the founder, executive director and senior consultant of TMF Group/Vantage consulting company. Mr. Wong has extensive experience in financial management and capital investment. Mr. Wong is concurrently an independent non-executive director of Golden Resources Development International Limited (listed on HKSE, stock code: 0677), EcoGreen Fine Chemicals Group Limited (listed on HKSE, stock code: 2341), Yang Guang Co., Ltd. (陽光新業地產股份有限公司) (listed on Shenzhen Stock Exchange, stock code: 000608). Mr. Wong resigned as an independent non-executive director of CDW Holdings Limited in 2012 and Western Securities Company Limited (西部證券股份有限公司) in 2014. Mr. Wong was elected as independent non-executive director of the Company in 2009 and was re-elected as the independent non-executive director of the Company in June 2012.

CHAIRMAN OF SUPERVISORY COMMITTEE

Mr. ZHAO Chong-Jie, aged 59, is the chairman of the supervisory committee of the Company. Mr. Zhao is a senior economist graduated from Beijing College of Finance with a master's degree. Mr. ZHAO served as the deputy head of the Division of Agricultural Product Price, head of General Office, and deputy director general of Beijing Price Bureau, and bureau director-level chairman of the Beijing Municipal State-owned Enterprises Supervisory Board (北京市國有企業監事會正局級監事會主席). Mr. Zhao serves as the supervisor representing shareholders and the chairman of the supervisory committee of the Company since 2014. Mr. Zhao has long been engaged in economic management, commodity price control and enterprise supervision and has extensive hands-on experience in economic theories, commodity price control and corporate supervisory committee.

SUPERVISORS

Mr. LI Guo-Rui, aged 59, is a supervisor representing shareholders of the Company. Mr. Li graduated with a postgraduate diploma from the Party School of the CPC Central Committee. He is a senior political official. Mr. Li was a member and deputy director of the office of the Work Committee for the Industry of Beijing Municipal Commission for Discipline Inspection (北京市紀委工業紀工委), deputy head of the Supervision Division of the Economic Commission and the deputy secretary of the Discipline Inspection Commission of Beijing Municipal SASAC. Mr. Li joined the Company in 2011 and takes charge of the discipline inspection and supervision. Mr. Li has become the supervisor representing shareholders of the Company since 2012. Mr. Li has more than 20 years of experience in discipline inspection and supervision.

Profile of Directors, Supervisors and Senior Management (Continued)

Ms. SONG Yi-Ning, aged 51, is a supervisor representing shareholders of the Company. Ms. Song graduated from Wuhan University of Technology with a master's degree. Ms. Song served as a senior staff member and principal staff member of the Division of Statistics and Division of Wage of Beijing Labor and Social Security Bureau, a principal staff member of the State-owned Assets Supervision and Administration Commission of Beijing People's Government, and a deputy-division-head-level full-time supervisor of Beijing Municipal State-owned Enterprises Supervisory Board. Mr. Song serves as a supervisor representing shareholders of the Company since 2014. Ms. Song has long been engaged in administrative management and enterprise supervision and has extensive hands-on experience in enterprise supervision and inspection.

Mr. LIU Yi, aged 62, is the chairman of the supervisory committee of the Company. He graduated with a postgraduate diploma from the Party School of the CPC Central Committee. He is a certified consulting (investment) engineer. Mr. Liu served as the deputy chief executive of the People's Government of Xuanwu District of Beijing, the secretary of the Party Committee and general manager of Beijing Municipal Engineering Consulting Corporation, and the bureau-director-level chairman of the Beijing Municipal State-owned Enterprises Supervisory Board (北京市國有企業監事會正局級監事會主席). Mr. Liu has become a supervisor representing shareholders and the chairman of the supervisory committee of the Company from June 2012 to November 2014. Having long been engaged in urban infrastructure construction projects and engineering consulting, he has extensive hands-on experience in theories of regional economics and investment and financing.

Mr. XUE Jian-Ming, aged 50, is a supervisor representing shareholders of the Company. Mr. Xue graduated from Xuanhua Artillery Academy of Conducting with an undergraduate diploma. Mr. Xue served as a deputy-division-head-level ombudsman of the Supervision Division of Beijing Municipal Economic Commission, a deputy-division-head-level discipline inspector of the Work Committee for the Industry of Beijing Municipal Commission for Discipline Inspection (市工業紀工委), a deputy-division-head-level ombudsman of Beijing Municipal Bureau of Supervision working at Beijing Municipal SASAC, a deputy-division-head-level discipline inspector of Beijing Municipal SASAC and a division-head-level fulltime supervisor of Beijing Municipal State-owned Enterprises Supervisory Board. Mr. Xue has serves a supervisor representing shareholders of the Company from June 2012 to November 2014. Mr. Xue has long been engaged in executive administration and business efficiency supervision and holds theories on and extensive hands-on experience in supervision.

Mr. LIU Yao-Zhong, aged 59, is a supervisor representing staff and workers of the Company. Mr. Liu graduated from China Beijing Municipal Communist Party School and has a bachelor's degree. Mr. Liu served as the chairman of the trade union of BNSIGC. Mr. Liu has been a supervisor representing staff and workers of the Company since May 2002 and was re-elected as a supervisor representing staff and workers of the Company in June 2012. He has 23 years of work experience in trade union.

Mr. ZHANG Wei-Yan, aged 55, is a supervisor representing staff and workers of the Company. Mr. Zhang graduated with an undergraduate diploma from the Party School of CPC Beijing Municipal Committee. He is a senior accountant. Mr. Zhang joined BNSIGC in 1990 and currently serves as the head of the audit department of the Company. Mr. Zhang has become a supervisor representing staff and workers of the Company since 2012. Mr. Zhang has extensive experience in corporate financial management and corporate audit.

DEPUTY GENERAL MANAGER

Mr. DU Jing-Ming, aged 50, is the deputy general manager of the Company. He graduated from Beijing Normal University with a doctor's degree in law. Mr. Du served as the deputy director of the General Office of the Beijing Municipal Government and deputy director of the Information Network Office of the Beijing Municipal Government. He joined BNSIGC in 2004. He was the deputy general manager of BNSIGC. Mr. Du has become the deputy general manager of the Company since 2012. Mr. Du has extensive experience in corporate administration and management, enterprise culture and publicity work.

Ms. ZHANG Wen-Lei, aged 47, is the deputy general manager of the Company. Ms. Zhang graduated from the School of Economics and Management of Northern Jiaotong University and has received postgraduate education and is a senior economist as well as a senior accountant. Ms. Zhang served as the chief economist of the Fourth Office of China Railway 18th Engineering Bureau (中鐵第十八工程局四處) and the deputy-chief economist of China Railway 18th Engineering Bureau. She joined BNSIGC in 2001. She was the chief economist and the chief legal advisor of BNSIGC. Ms. Zhang has become the deputy general manager of the Company since 2012. Ms. Zhang has extensive experience in construction engineering, tendering, works pricing and works supervision.

Mr. LU Jian, aged 55, is the deputy general manager of the Company. Mr. Lu graduated from Qinghua University with a bachelor's degree and is a senior engineer. Mr. Lu served as the deputy general manager of the Fifth Construction Company of Beijing Construction Engineering Group (北京建工集團第五建築公司) and the deputy chief enginer of Beijing Construction Engineering Group. He joined BNSIGC in 2001 and served as the assistant of general manager and the chief engineer. Mr. Lu has become the deputy general manager of the Company since 2012. Mr. Lu has extensive experience in construction infrastructure, construction management and works safety and management.

Mr. LIU Tie-Lin, aged 52, is the deputy general manager of the Company. Mr. Liu is a postgraduate of the Tsinghua University. Mr. Liu joined BNSIGC since 1990 and served as the general manager of North Star Shopping Centre. Mr. Liu was appointed as the deputy general manager of the Company in 2002. Mr. Liu has extensive experience in shopping centre, supermarket and other commercial property operation management.

Mr. SI Hai-Qun, aged 60, is the deputy general manager of the Company. Mr. Si is a postgraduate of the Chinese Academy of Social Science. Mr. Si joined BNSIGC since 1988. He was the deputy general manager and general manager of Beijing North Star Real Estate Development Co., Limited and the general manager of Changsha North Star Real Estate Development Co., Limited. Mr. Si was appointed as the deputy general manager of the Company from 2004 to March 2015. Mr. Si has extensive experience in real estate development and management.

FINANCIAL CONTROLLER

Ms. CUI Wei, aged 41, the financial controller of the Company. She graduated from Central University of Finance and Economics and obtained a master's degree in management. She is a senior accountant. Ms. Cui was a deputy chief accountant and chief accountant of Beijing No. 1 Municipal Co., Ltd. (北京市市政一有限責任公司) and the chief accountant of Beijing Municipal Construction Co., Ltd. Ms. Cui joined the Company in 2013 and became the financial controller of the Company. Ms. Cui has rich experiences in company financial management.

COMPANY SECRETARY

Mr. GUO Chuan, aged 46, is company secretary to the Board and the chief legal advisor of the Company. Mr. Guo graduated from Capital University of Economics and Business and University of International Business and Economics with an LLB degree in economic law and an EMBA degree and is a qualified lawyer. Mr. Guo joined BNSIGC in 1991, and was consecutively deputy director and director of the Secretariat of the Board of the Company. In February 2004, Mr. Guo was appointed as secretary to the Board of the Company and was appointed as the chief legal advisor of the Company in July 2008. Mr. Guo has extensive experience in legal affairs, corporate governance, corporate branding and strategic management.

Mr. LEE Ka Sze, Carmelo, aged 54, is company secretary of the Company and such office is served by him as a representative of external service provider. He is responsible for ensuring the Company has been in compliance with the regulations of Hong Kong. Mr. Lee graduated from the University of Hong Kong with a bachelor's degree in law. He is a practicing solicitor in Hong Kong and a partner of Woo, Kwan, Lee & Lo., the Company's legal adviser on Hong Kong laws. Mr. Lee was appointed as the company secretary of the Company in 1997.

Report of the Directors

The Board of the Company is pleased to present to the shareholders its report together with the audited financial reports of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in development properties, investment properties (including hotels) and commercial properties. The subsidiaries are mainly engaged in property development and property investment in Beijing and Changsha City of Hunan Province in the PRC.

RESULTS AND PROFIT DISTRIBUTION

The results of the Group for the year ended 31 December 2014 and the financial positions of the Group and the Company as at 31 December 2014 prepared in accordance with HKFRS are set out on pages 58 to 66 of this annual report.

DIVIDEND

The Board recommends the payment of a final dividend of RMB0.06 per share for the year ended 31 December 2014, totalling RMB202,021,000.

FIVE YEAR FINANCIAL SUMMARY

The Group's consolidated results and summaries of assets and liabilities for the last five financial years are set out on pages 4 to 5 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, less than 30% of the Group's cost of purchase of goods and services was derived from its five largest suppliers and less than 30% of the Group's revenue of sale of goods and services was derived from its five largest customers.

None of the directors, their associates or any shareholders (which to the knowledge of the directors owned more than 5% interest of the Company's share capital) had any interest in the major suppliers or customers mentioned above.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements of property, plant and equipment of the Group and of the Company during the year are set out in note 8 to the consolidated financial statements.

PRINCIPAL PROPERTIES

The summary of principal properties profile owned by the Group is set out on pages 156 to 157 of this annual report.

RESERVES

Details of movements of the reserves of the Group and the Company during the year are set out in note 20 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

In accordance with the articles of association of the Company, the profit available for appropriation by the Company for the purpose of dividend payments is based on the lesser of the net profit of the Company determined in accordance with China Accounting Standards for Business Enterprises; and the net profit determined in accordance with HKFRSs.

Distributable reserves of the Company as at 31 December 2014 amounted to RMB1,637,650,512 (2013: RMB1,563,336,238).

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.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The directors, supervisors and senior management during the year and up to the date of this report are as follows:

Executive Directors

HE Jiang-Chuan	*Chairman*
LI Chang-Li	*Deputy Chairman*
ZHAO Hui-Zhi	*Director*
HE Wen-Yu (resigned on 11 November 2014)	*Director*
ZENG Jin	*Director*
LIU Jian-Ping	*Director*
LIU Huan-Bo (appointed on 11 November 2014)	*Director*

Independent Non-Executive Directors

LONG Tao	*Director*
GAN Pei-Zhong	*Director*
WONG Yik Chung	*Director*

Report of the Directors (Continued)

Supervisors

ZHAO Chong-Jie *(appointed on 11 November 2014)*	*Chairman of Supervisory committee*
LIU Yi *(resigned on 11 November 2014)*	*Chairman of Supervisory committee*
LI Guo-Rui	*Supervisor*
XUE Jian-Ming *(resigned on 11 November 2014)*	*Supervisor*
LIU Yao-Zhong	*Supervisor*
ZHANG Wei-Yan	*Supervisor*
SONG Yi-Ning *(appointed on 11 November 2014)*	*Supervisor*

Senior Management

ZHAO Hui-Zhi *(resigned on 3 March 2015)*	*General Manager*
ZENG Jin *(redesigned from Deputy General Manager on 3 March 2015)*	*General Manager*
HE Wen-Yu *(resigned on 12 September 2014)*	*Deputy General Manager*
DU Jing-Ming	*Deputy General Manager*
Mr. LIU Jian-Ping *(resigned on 3 March 2015)*	*Deputy General Manager*
ZHANG Wen-Lei	*Deputy General Manager*
LU Jian	*Deputy General Manager*
LIU Huan-Bo	*Deputy General Manager*
LIU Tie-Lin	*Deputy General Manager*
SI Hai-Qun *(resigned on 3 March 2015)*	*Deputy General Manager*
CUI Wei	*Financial Controller*
GUO Chuan	*Company Secretary*
LEE Ka Sze, Carmelo	*Company Secretary — served as a representative of external service provider*

The biographical details of directors, supervisors and senior management are set out on pages 37 to 41 of this annual report.

The Company has received confirmation from each of the independent non-executive directors of their independence and considered all independent non-executive directors to be independent of the Company.

None of the directors or supervisors has entered into any service contract with the Company or any of its subsidiaries, which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

ELECTION OF DIRECTORS AND SUPERVISORS UPON COMPLETION OF A TERM

According to the Articles of Association, current tenure of each of the Directors and Supervisors will be expired on the date of the annual general meeting for 2014 (the "2014 AGM"), and they are eligible for re-election and re-appointment.

As the term of office of an independent non-executive Director shall not exceed 6 years under the requirement of the China Securities Regulatory Commission and the Articles of Association. Three independent non-executive Directors, Mr. LONG Tao ("Mr. LONG"), Mr. GAN Pei-Zhong ("Mr, GAN") and Mr. WONG Yik Chung ("Mr. WONG"), have informed the Company that they will retire as the independent non-executive Directors from the date of the 2014 AGM and will not seek re-election and re-appointment. Mr. LONG will also cease to be a chairman of the audit committee, remuneration and evaluation committee, and member of nomination committee and strategic committee of the Company upon his retirement; while Mr. GAN and Mr. Wong will also cease to be members of the audit committee, remuneration and evaluation committee, nomination committee and strategic committee of the Company upon their retirement.

The Board has nominated all retiring executive Directors, including Mr. HE Jiang-Chuan, Mr. LI Chang-Li, Ms. ZHAO Hui-Zhi, Mr. ZENG Jin, Mr. LIU Jian-Ping and Mr. LIU Huan-Bo as candidates for the executive Directors from the date of the 2014 AGM to the date of the annual general meeting for 2017 of the Company ("Next Session"). As mentioned above, Mr. LONG, Mr. GAN and Mr. WONG will retire as the independent non-executive Directors from the date of the 2014 AGM and will not seek re-election and re-appointment. Therefore, the Board has nominated Mr. FU Yiu-Man ("Mr. FU"), Mr. GUO Li ("Mr. GUO") and Mr. WU Ge, Peter ("Mr. WU") as candidates for the Next Session of new independent non-executive Directors. The Company will convene a meeting of the Board for election of the member(s)/ chairman of the audit committee, remuneration and evaluation committee, nomination committee and strategic committee of the Company from the newly-elected Directors upon the election of the Next Session of Directors.

The Supervisory Committee has nominated all retiring Supervisors representing the Shareholders, Mr. ZHAO Chong-Jie, Mr. LI Guo-Rui and Ms. SONG Yi-Ning, as the candidates for the Next Session of Supervisors representing the Shareholders.

The meeting of the representatives of the staff and workers was convened on 17 March, 2015. The current Supervisors representing the staff and workers, Mr. LIU Yao-Zhong and Mr. ZHANG Wei-Yan, were re-elected as Supervisors representing the staff and workers through a democratic election by the staff and workers of the Company. The term of office of the re-elected Supervisors representing the staff and workers shall be three years, commencing from the date of such a meeting of the representatives of the staff and workers and expiring on the date of the 2017 annual general meeting.

A circular containing (among other things) detailed biographies of candidates for Directors and Supervisors will be dispatched to the Shareholders as soon as possible.

EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of directors, supervisors and senior management's emoluments are set out in note 27 to the consolidated financial statements.

INDIVIDUALS WITH THE HIGHEST PAY

During the year, the five individuals with the highest emolument in the Group were not directors of the Company.

MANAGEMENT CONTRACTS

Except for the connected transaction contracts as stated in this report, no contracts concerning the management or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES

As at 31 December 2014, none of the directors, supervisors and chief executives of the Company had any interest or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (as defined under Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company or Hong Kong Stock Exchange pursuant to the Model Code. None of the directors, supervisors and chief executives of the Company, their spouses or children under the age of 18 had been granted any rights to subscribe for shares in or debentures of the Company or its associated corporations, nor has any of them exercised such rights during the year.

At no time during the year were the Company and its associated corporations a party to any arrangement to enable the directors, supervisors and chief executives of the Company (including their spouses and children under 18 years old) to hold any interests or short positions in the shares in or debentures of, the Company, and its associated corporations.

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

Apart from service contracts in relation to the Company's business, no contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries, its fellow subsidiaries or its substantial shareholders was a party and in which a director or supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the year and up to the date of this report, none of the directors and management shareholders has any interest in business which competes or may compete with the business of the Group under the Listing Rules.

DETAILS OF SHARE OFFERING AND LISTING

Class of shares	H shares
Listing place	Hong Kong
Offer price	HK$2.40 per share
Listing date	14 May 1997
Number of issued shares	707,020,000 shares

Class of shares	A shares
Listing place	Shanghai
Offer price	RMB2.40 per share
Listing date	16 October 2006
Number of issued shares	1,500,000,000 shares

SHARE CAPITAL

The Company's total number of issued shares as at 31 December 2014 was 3,367,020,000, comprising:

Domestic listed A shares	2,600,000,000	Representing 79.002%
Foreign listed H shares	707,020,000	Representing 20.998%

Details of the movements in share capital of the Company are set out in note 19 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS' INTEREST

The register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO shows that as at 31 December 2014, the Company had been notified of the following substantial shareholders' interests or short positions, being 5% or more of the relevant class of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executives.

Long positions in the shares of the Company:

Name of shareholder	Class of shares	No. of shares	No. of relevant shares	Capacity	Nature of interest	Percentage of the relevant class of share capital	Percentage of total share capital
Beijing North Star Industrial Group Limited Liabilities Company ("BNSIGC")	A shares	1,161,000,031	—	Beneficial owner	Corporate interest	43.647%	34.482%

Save as disclosed above, the register required to be kept under Section 336 of the SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 31 December 2014.

THE COMPANY'S TOP 10 SHAREHOLDERS OF LIQUID SHARES IN THE A-SHARE AND H-SHARE MARKETS

As at 31 December 2014, the shareholders as recorded in the registers of holders of A shares and H shares kept by the Company are as follows:

As at the end of the reporting period, the total number of shareholders are:	254,667 holders

Shareholdings of top ten shareholders of the Company as at 31 December 2014

Name of shareholders	Class of shares	Percentage of shares held *(%)*	Total number of shares held at the end of the period *(shares)*
Beijing North Star Industrial Group Limited Liabilities Company	A share	34.482	1,161,000,031
HKSCC NOMINEES LIMITED	H share	20.232	681,204,498
Beijing Wangfujing Department Store (Group) Company Limited (北京王府井百貨(集團)股份有限公司)	A share	4.069	137,000,000
Zhong Hang Xin Gang Guarantee Co., Ltd. (中航鑫港擔保有限公司)	A share	2.185	73,573,353
Agricultural Bank of China Limited — New China Selected Dividend Mixed Securities Investment Fund (中國農業銀行股份有限公司 — 新華優選分紅混合型證券投資基金)	A share	0.718	24,174,501
China Construction Bank Corporation — Xinhua Diamond Quality Enterprise Equity Securities Investment Fund (中國建設銀行股份有限公司 — 新華鑽石品質企業股票型證券投資基金)	A share	0.461	15,528,066
Li Huan	A share	0.346	11,654,700
Shanxi Trust Co., Ltd — Xinhai No. 7 Collective Capital Trust Contract (山西信託股份有限公司 — 信海七號集合資金信託合同)	A share	0.297	10,000,000
Bank of China Limited — Guotai Guozheng Real Estate Sector Index Classified Securities Investment Fund (中國銀行股份有限公司 — 國泰國證房地產行業指數分級證券投資基金)	A share	0.244	8,211,219
He zhijian	A share	0.178	6,000,000

Notes:

(1) Pursuant to the document titled "Implementation measure for the transfer of part of the state-owned shares to the National Council for Social Security Fund in domestic securities market" (Cai Qi [2009] No. 94)(《境內證券市場轉持部分國有股充實全國社會保障基金實施辦法》(財企[2009]94號)) and announcement No. 63 of 2009 jointly issued by the Ministry of Finance of the People's Republic of China, the State-owned Assets Supervision and Administration Commission of the State Council, the China Securities Regulatory Commission and the National Council for Social Security Fund, after the reform of shareholder structure, all the limited companies who conducted the initial public offering in the domestic securities market with its shares (including state-owned shares) listed shall transfer part of its state-owned shares with reference to 10% of the actual issued shares during initial public offering to NCSSF except those otherwise stipulated by the State Council. For the companies which meet the conditions for direct transfer of shares but are required to maintain the controlling status of the nation pursuant to relevant national regulations, the state-owned shareholders are required to perform their obligation of transfer by way of (including but not limited to) distributing dividend or turning into internal resources while ensuring the capital being contributed to the national treasury in full in a timely manner after approval by the asset supervision and management authority.

The Company completed the initial public offering and was listed in October 2006 with an issue size of 1.5 billion shares. Pursuant to No. 94 document and the announcement No. 63 of 2009 jointly issued by the Ministry of Finance of the People's Republic of China, the State-owned Assets Supervision and Administration Commission of the State Council, the China Securities Regulatory Commission and the National Council for Social Security Fund, the 150,000,000 shares held by BNSIGC are frozen at present as BNSIGC was a state-owned shareholder prior to the listing of the Company.

(2) HKSCC NOMINEES LIMITED stands for Hong Kong Securities Clearing Company (Nominees) Limited, which held the Company's H shares on behalf of a number of customers.

DESIGNATED DEPOSITS AND DUE FIXED DEPOSITS

As at 31 December 2014, 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 incident of not being able to withdraw bank deposits upon maturity.

STAFF RETIREMENT SCHEME

Details of the Group's staff retirement scheme are set out in note 27 to the consolidated financial statements.

EMPLOYEES

As at 31 December 2014, the Company had 4,765 employees. The employee remuneration policy of the Company is that the total salary is paid with reference to its economic efficiency. Save from the remuneration policy disclosed above, the Company does 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 training is provided in different forms, such as seminars, site visits, study tours and survey tours.

STAFF HOUSING QUARTERS

During the year, the Group did not provide any housing quarters to its staff.

CONNECTED TRANSACTIONS

Certain related party transactions as disclosed in note 36 to the consolidated financial statements also constituted continuing connected transactions under the Listing Rules and/or the Listing Rules of Shanghai Stock Exchange. Such transactions between certain connected persons (as defined in the Listing Rules) and the Group which have been entered into and/or are ongoing during the year are shown below for which relevant disclosure, if necessary, had been made by the Company in accordance with the requirements of the Listing Rules.

(1) Obtaining Entrusted Loans

The Company has obtained entrusted loans amounting to RMB700,000,000 during the reporting period. The interest rate is equal to the People's Bank of China (PBOC) benchmark interest rate. The Company does not need to provide any pledge or guarantee for these loans.

(2) Interest Expense for the Entrusted Loans

During the reporting period, the total interest expense for the entrusted loans paid by the Company amounted to RMB85,431,458, representing 8.85% of the interest expense of the Company for the year.

(3) Use of Authorised Logo and Signage Usage

Pursuant to the "Contract of Authorised Logo and Signage Usage" entered into with BNSIGC on 18 April 1997, the Company paid RMB10,000 of authorised logo and signage usage fee to BNSIGC in 2014, representing 0.04% of the leases of the Company. Such transaction was settled by cash.

(4) Land Rental

According to a lease agreement dated 11 April 1997 entered into between the Company and BNSIGC, BNSIGC leased to the Company a piece of land on which the Company's investment properties and their ancillary facilities are located for its use. With an area of approximately 167,000 m2, the piece of land is leased for terms of 40 years to 70 years, subject to the type of usage of different portions of the piece of land. The rental for the 12 months ended 31 December 2014 was RMB15,010,211, representing 72.75% of the leases of the Company. Such transaction was settled by cash once per year. The rentals for future years will be adjusted with reference to the percentage increase of the previous year's consumer price index as announced by the National Bureau of Statistics.

(5) Renting Properties from Others

In 2014, the Company's subsidiary, Beijing North Star Xin Cheng Property Management Co., Limited (hereafter called "Xin Cheng Property"), entered into a property rental agreement with Chen Yun Property, a subsidiary of BNSIGC. Pursuant to the agreement, Xin Cheng Property leased certain properties from Chen Yun Property as office properties. The term of the lease is one year, starting from 1 January 2014 and ended at 31 December 2014. The rental for the 12 months ended 31 December 2014 was RMB900,000, representing 3.40% of the leases of the Company. Such transaction was settled by cash.

(6) Amount Provided to Joint Venture

The Company provided an amount of RMB300,000,000 to Wuhan Contemporary North Star for project development in 2014. During the reporting period an amount of RMB22,500,000 was recovered.

(7) Interest Receivable from Joint Venture

The Company provided an amount to Wuhan Contemporary North Star for project development with the interest receivable on such amount being RMB12,239,042. Interest receivable accounted for 28.89% of the interest income of the Company.

The independent non-executive directors of the Company have reviewed the transactions above and, pursuant to the Listing Rules, confirmed that the transactions had been carried out on normal commercial terms, in accordance with the terms of the relevant agreements, were in the ordinary and normal course of business of the Company and were fair and reasonable so far as the shareholders of the Company as a whole were concerned.

The Company's auditor, PricewaterhouseCoopers, has examined the paragraphs from (3), (4) and (5) above, which transactions constituted continuing connected transactions for the year ended 31 December 2014 and, pursuant to the Listing Rules, reported in its letter to the Company that the relevant transactions (i) have been approved by the Board of the Company; (ii) the pricing of which on a sample basis, were in accordance with the pricing policies of the Company; and (iii) have been carried out in accordance with the relevant agreements governing relevant transactions. 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 the continuing connected transactions as referred to in paragraphs from (3), (4) and (5) above.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2014, the bank loans and other borrowings of the Group are set out in note 23 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision under the Company's Articles of Association and the related laws of the PRC, which obliges the Company to offer new shares with pre-emptive rights to existing shareholders for purchase of shares on pro-rata basis.

SUBSIDIARIES

Details of the Company's principal subsidiaries are set out in note 9 to the consolidated financial statements.

MAJOR LITIGATION OR ARBITRATION

The Group was involved in the following major litigation or arbitration during the year:

Unit: RMB

Plaintiff (claimant)	Defendant (respondent)	Jointly liable Party	Type of lawsuit (arbitration)	Profile of the lawsuit (arbitration)	Amount involved in the lawsuit (arbitration)	Whether or not the lawsuit (arbitration) entails expected liabilities and the amount thereof	Progress of the lawsuit (arbitration)	Judgment of the lawsuit (arbitration) and its implications	Implementation of the judgment of the lawsuit (arbitration)
Beijing Construction Engineering Group Co., Ltd. (the "Construction Engineering Group")(北京建工集團有限公司)	Beijing North Star Company Limited		Arbitration	On 20 April 2005, Beijing North Star Convention Centre Development Co., Limited (refer as the "Convention Development Company" hereafter), a wholly-owned Subsidiary of the Company, entered into "The General Contracting Agreement of the National Convention Center Project in the Beijing Olympic Park (Zone B)" with the Construction Engineering Group. Upon the completion and acceptance of the project on 30 October 2009, the Convention Development Company and the Construction Engineering Group had a disagreement over the settlement amount of the engineering projects. The Company implemented the overall merger of the Convention Development Company in November 2011, and completed its cancellation in December 2013. Upon the completion of the abovementioned merger, all of the assets, including but not limited to various assets such as fixed assets and current assets of the Convention Development Company was merged into the Company. The liabilities and other obligations and responsibilities of the Convention Development Company were assumed by the Company. On 25 July 2014, the Construction Engineering Group summited an application for arbitration to Beijing Arbitration Commission. Such application was accepted by Beijing Arbitration Commission on 1 August 2014. Pursuant to the application for arbitration summited by Construction Engineering Group, Construction Engineering Group requested to arbitrate that the Company has to pay the outstanding amount of the engineering projects upon completion of RMB 13,232,671.62, and the interest incurred due to the delay of payment from 3 May 2008 to the date of the completion of settlement. Moreover, it also requested to arbitrate that the Company has to pay the outstanding amount for the dismantling and renovation engineering projects of RMB119,696,847.88, and the interest incurred due to the delay of payment from 30 October 2009 to the date of the completion of settlement. In addition, Construction Engineering Group requested to arbitrate that the Company has to pay the legal fees for Construction Engineering Group which incurred from this case of an amount of RMB 1,829,295.2 as well as all the arbitration expenses.	RMB176,201,296.2 (among which, the expected payment interest was calculate as at 23 July 2014)	No	Processing	Processing	Processing

POLICIES ON INCOME TAX

In compliance with the PRC laws and regulations, the Company and its subsidiaries and a jointly controlled entity paid corporate income tax at a rate of 25% based on taxable income.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2014, the equity attributable to equity holders of the Company increased by 3.75% compared to 31 December 2013. The increase was mainly due to additional profit attributable to equity holders of the Company of RMB779,992,000 during the period.

The Group's bank and other borrowings as at 31 December 2014 amounted to RMB14,613,500,000. Net value of the Group's 10-year corporate bonds was RMB1,496,474,000 as 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 RMB29,203,934,000, whereas the Group's current liabilities amounted to RMB12,953,654,000. As at 31 December 2014, balances of cash at bank and on hand amounted to RMB4,052,623,000 (excluding restricted bank deposits) and none of the bonds in issue were exposed to redemption and payment risks. During the year, the Company did not engage in any transaction on financial products or derivative instruments.

As at 31 December 2014, the Group had secured borrowings of RMB12,363,500,000 with certain investment properties, hotels, properties under development and completed properties held for sale as the collaterals from banks and other financial institutions. The asset-liability ratio for the Group calculated by dividing the amount of total liabilities by the amount of total assets was 63.65% at the end of the reporting period (as at 31 December 2013: 59.82%).

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 risk of exchange rate fluctuations.

The Company did not have any contingent liabilities during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Having made specific enquiries to all directors and supervisors of the Company, the Company confirmed that its directors and supervisors have complied with the required standards as set out in the Model Code during the year.

CORPORATE GOVERNANCE CODE

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

Report of the Directors (Continued)

REVIEW ON ANNUAL RESULTS

The audit committee has reviewed the annual results and the financial statements of the Group for the year ended 31 December 2014 according to its terms of reference.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, as at the date of this report, there is sufficient public float which is more than 25% of the Company's issued shares as required under the Listing Rules.

OTHER MAJOR EVENTS

The issue size of the 2014 Corporate Debenture of Beijing North Star Company Limited (refer as the "Debenture" hereafter) was RMB2.5 billion, with an issue price of RMB100 per Debenture. The Debentures will be issued by way of a combination of on-market issuance to public investors and off-market placement to institutional investors through price enquiries. The Debenture consists of two tranches. Tranche 1 has a term of 5 years with an issues size of RMB1 billion, options for the Company to raise the coupon rate and for investors to resell at the end of the 3rd year, and a coupon rate of 4.80%; Tranche 2 has a term of 7 years with an issues size of RMB1.5 billion, options for the Company to raise the coupon rate and for investors to resell at the end of the 5th year, and a coupon rate of 5.20%. The Debenture has obtained the approval of CSRC (document no. [2014]1302) on 9 December 2014, and completed the issuance on 23 January 2015. The Debentures were listed and traded on the Shanghai Stock Exchange on 10 February 2015. According to the use of proceeds set out in the issue prospectus, the Company has repaid bank loans of RMB 1.525 billion at the date of this report, of which RMB50 million has was repaid in advance by the Company's owned capital at the end of the reporting period. The remaining of the proceeds will be used to replenish the Company's working capital after deducting the issuance expense.

AUDITOR

The accounts of the Company have been audited by PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP who retire and being eligible, offer themselves for reappointment as auditors of the Company. A resolution reappointing PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the Company's PRC and international auditors will be proposed at the 2014 AGM.

By Order of the Board

HE Jiang-Chuan
Chairman

Beijing, the PRC, 18 March 2015

Report of the Supervisory Committee

The Supervisory Committee of the Company (hereinafter as the "Supervisory Committee"), in compliance with the provisions of the Company Law of the People's Republic of China, the relevant laws and regulations of Hong Kong and the Articles of Association of the Company, conscientiously carried out their duty protected shareholders' rights, safeguard the Company's interest and abided by the principle of integrity, took an active role to work reasonably and cautiously with diligence to protect the interests of the Company and its shareholders.

In 2014, the Supervisory Committee met six times in total and the supervisors attended the Board meetings, 2013 annual general meeting as well as the first extraordinary general meeting of 2014 held during the reporting period. The Supervisory Committee has seriously reviewed and agreed to the report of the directors, audited financial reports, profit appropriation proposal and the self-assessment report of the Board on internal control of the Company to be proposed by the Board for presentation at the 2014 annual general meeting. It also strictly and effectively monitored and supervised the Board and management of the Company in making significant policies and specific decisions to ensure that they were in compliance with the laws and regulations of the PRC and the Articles of Association of the Company, and in the interests of its shareholders and employees. It is of the opinion that in 2014, the Board and management of the Company were able to make decision in lawful procedures strictly observe their fiduciary duty, to act diligently and to exercise their authority faithfully in the best interests of the shareholders in accordance with the laws and regulations and the Articles of Association.

During the reporting period, the Supervisory Committee conducted continuous supervision over the implementation of the Registration and Management System for the Holders of Insider Information (內幕信息知情人登記管理制度) and the cash dividends of the previous year of the Company and had not detected any insider dealings by any holders of insider information or any other act detrimental to the interests of the Company. The cash dividend policy of the Company was implemented effectively under the Articles of Association and the resolutions of general meetings. Meanwhile, the Supervisory Committee was of the opinion that, the connected transactions between the Company and related parties were conducted at fair market prices and in compliance with reviewing and disclosure procedures, without prejudicing the interests of the Company and minority shareholders.

The Supervisory Committee is satisfied with the achievement and economic effects of the Company in 2014 and has great confidence to the future of the Company.

In 2015, the Supervisory Committee of the Company will continue to strictly comply with the Articles of Association and the relevant regulations, so as to safeguard shareholders' interests and fulfill all its duties.

By Order of the Supervisory Committee
Liu Yi
Chairman of the Supervisory Committee

Beijing, the PRC, 18 March 2015

Independent Auditor's Report

To the shareholders of Beijing North Star Company Limited
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Beijing North Star Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 58 to 154, which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair veiw in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

AUDITOR'S RESPONSIBILITY *(CONTINUED)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 18 March 2015

Consolidated balance sheet

	Note	As at 31 December 2014 RMB'000	2013 RMB'000
ASSETS			
Non-current assets			
Land use rights	6	**329,122**	1,011
Investment properties	7	**11,574,900**	11,339,000
Property, plant and equipment	8	**2,887,656**	2,074,920
Investments accounted for using the equity method	10	**28,398**	6,567
Deferred income tax assets	24	**172,932**	24,574
Trade and other receivables	16	**277,500**	—
		15,270,508	13,446,072
Current assets			
Properties under development	13	**16,100,770**	18,287,947
Completed properties held for sale	14	**7,774,754**	2,199,453
Other Inventories	15	**78,527**	77,742
Trade and other receivables	16	**940,103**	1,116,789
Restricted bank deposits	17	**257,157**	237,703
Cash and cash equivalents	18	**4,052,623**	3,196,257
		29,203,934	25,115,891
Total assets		**44,474,442**	38,561,963
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	19	**3,367,020**	3,367,020
Other reserves	20	**4,261,968**	4,231,264
Retained earnings			
— Proposed final dividend	20, 32	**202,021**	202,021
— Others	20	**8,163,089**	7,615,822
		15,994,098	15,416,127
Non-controlling interests		**172,566**	78,240
Total equity		**16,166,664**	15,494,367

Consolidated balance sheet (Continued)

		As at 31 December	
		2014	2013
	Note	***RMB'000***	*RMB'000*
LIABILITIES			
Non-current liabilities			
Long term borrowings	23	**13,650,224**	9,504,430
Long term payables		**6,186**	6,935
Deferred income tax liabilities	24	**1,697,714**	1,614,659
		15,354,124	11,126,024
Current liabilities			
Trade and other payables	21	**9,721,868**	8,091,774
Current income tax liabilities	22	**772,036**	429,623
Current portion of long term borrowings	23	**1,309,750**	2,170,175
Short term borrowings	23	**1,150,000**	1,250,000
		12,953,654	11,941,572
Total liabilities		**28,307,778**	23,067,596
Total equity and liabilities		**44,474,442**	38,561,963
Net current assets		**16,250,280**	13,174,319
Total assets less current liabilities		**31,520,788**	26,620,391

The financial statements on pages 58 to 66 were approved by the Board of Directors on 18 March 2015 and were signed on its behalf.

Director *Director*

The notes on pages 67 to 154 are an integral part of these consolidated financial statements.

Balance sheet

	Note	As at 31 December 2014 RMB'000	2013 RMB'000
ASSETS			
Non-current assets			
Investment properties	7	**11,506,300**	11,272,900
Property, plant and equipment	8	**1,981,371**	2,058,802
Investments in subsidiaries	9	**2,123,158**	1,814,608
Investments accounted for using the equity method	10	**28,398**	6,567
Deferred income tax assets	24	**88,612**	15,819
Trade and other receivables	16	**277,500**	—
		16,005,339	15,168,696
Current assets			
Loans to subsidiaries	9	**12,395,299**	10,838,005
Properties under development	13	**2,085,516**	2,388,242
Completed properties held for sale	14	**1,716,255**	1,600,761
Other inventories	15	**52,057**	47,008
Trade and other receivables	16	**301,536**	789,724
Restricted bank deposits	17	**9,951**	12,013
Cash and cash equivalents	18	**2,585,583**	1,725,118
		19,146,197	17,400,871
Total assets		**35,151,536**	32,569,567
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	19	**3,367,020**	3,367,020
Other reserves	20	**4,272,733**	4,242,029
Retained earnings			
— Proposed final dividend	20, 32	**202,021**	202,021
— Others	20	**6,693,609**	6,374,979
Total equity		**14,535,383**	14,186,049

	Note	As at 31 December 2014 RMB'000	2013 RMB'000
LIABILITIES			
Non-current liabilities			
Long term borrowings	23	**12,600,224**	9,504,430
Long term payables		**6,186**	6,935
Deferred income tax liabilities	24	**1,637,618**	1,556,180
		14,244,028	11,067,545
Current liabilities			
Trade and other payables	21	**3,585,955**	3,597,636
Current income tax liabilities	22	**326,420**	298,162
Current portion of long term borrowings	23	**1,309,750**	2,170,175
Short term borrowings	23	**1,150,000**	1,250,000
		6,372,125	7,315,973
Total liabilities		**20,616,153**	18,383,518
Total equity and liabilities		**35,151,536**	32,569,567
Net current assets		**12,774,072**	10,084,898
Total assets less current liabilities		**28,779,411**	25,253,594

The financial statements on pages 58 to 66 were approved by the Board of Directors on 18 March 2015 and were signed on its behalf.

Director　　　　　　*Director*

The notes on pages 67 to 154 are an integral part of these consolidated financial statements.

Consolidated income statement

	Note	Year ended 31 December 2014 RMB'000	2013 RMB'000
Revenue	5	**6,233,623**	5,504,991
Cost of sales	25	**(3,467,106)**	(2,981,734)
Gross profit		**2,766,517**	2,523,257
Selling and marketing expenses	25	**(320,018)**	(252,542)
Administrative expenses	25	**(699,399)**	(633,213)
Fair value gains on investment properties		**161,206**	9,737
Other (losses)/gains – net	26	**(3,862)**	12,663
Operating profit		**1,904,444**	1,659,902
Finance income	28	**42,362**	36,886
Finance costs	28	**(376,767)**	(340,767)
Finance costs – net	28	**(334,405)**	(303,881)
Share of loss of investments accounted for using the equity method	10	**(669)**	(712)
Profit before income tax	5	**1,569,370**	1,355,309
Income tax expenses	29	**(733,013)**	(523,224)
Profit for the year		**836,357**	832,085
Profit attributable to:			
Equity holders of the Company	31	**779,992**	799,535
Non-controlling interests		**56,365**	32,550
		836,357	832,085
Earnings per share attributable to the equity holders of the Company during the year (basic and diluted) *(expressed in RMB cents per share)*	31	**23.17**	23.75

The notes on pages 67 to 154 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Profit for the year	**836,357**	832,085
Other comprehensive income	**—**	—
Total comprehensive income for the year	**836,357**	832,085
Attributable to:		
Equity holders of the Company	**779,992**	799,535
Non-controlling interests	**56,365**	32,550
	836,357	832,085

The notes on pages 67 to 154 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Note	Attributable to equity holders of the Company				Non-controlling interests	Total equity
		Share capital	Other reserves	Retained earnings	Total		
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2014		3,367,020	4,231,264	7,817,843	15,416,127	78,240	15,494,367
Comprehensive income							
Profit for the year		—	—	779,992	779,992	56,365	836,357
Other comprehensive income		—	—	—	—	—	—
Total comprehensive income		—	—	779,992	779,992	56,365	836,357
Transactions with owners							
2013 final dividends		—	—	(202,021)	(202,021)	—	(202,021)
Transfer from retained earnings	20	—	30,704	(30,704)	—	—	—
Proceeds from injection from non-controlling interests		—	—	—	—	35,000	35,000
Acquisition of a subsidiary		—	—	—	—	2,961	2,961
Total transactions with owners		—	30,704	(232,725)	(202,021)	37,961	(164,060)
Balance at 31 December 2014		3,367,020	4,261,968	8,365,110	15,994,098	172,566	16,166,664

Representing:

Proposed final dividend at 31 December 2014	202,021
Retained earnings — others	8,163,089
	8,365,110

Consolidated statement of changes in equity (Continued)

		Attributable to equity holders of the Company					
	Note	Share capital *RMB'000*	Other reserves *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2013		3,367,020	4,196,244	7,255,210	14,818,474	86,654	14,905,128
Comprehensive income							
Profit for the year		—	—	799,535	799,535	32,550	832,085
Other comprehensive income		—	—	—	—	—	—
Total comprehensive income		—	—	799,535	799,535	32,550	832,085
Transactions with owners							
2012 final dividends		—	—	(202,021)	(202,021)	(18,070)	(220,091)
Transfer from retained earnings	20	—	34,881	(34,881)	—	—	—
Disposal of a subsidiary		—	—	—	—	(19,837)	(19,837)
Acquisition of additional interests in a subsidiary from non-controlling interests		—	139	—	139	(3,057)	(2,918)
Total transactions with owners		—	35,020	(236,902)	(201,882)	(40,964)	(242,846)
Balance at 31 December 2013		3,367,020	4,231,264	7,817,843	15,416,127	78,240	15,494,367

Representing:

Proposed final dividend at 31 December 2013	202,021
Retained earnings — others	7,615,822
	7,817,843

Consolidated cash flow statement

	Note	Year ended 31 December 2014 RMB'000	2013 RMB'000
Cash flows from operating activities			
Cash (used in)/generated from operations	33	**(658,058)**	1,559,750
Interest received		**30,123**	29,484
Interest paid		**(953,014)**	(903,185)
PRC income tax paid		**(627,257)**	(450,660)
Net cash (used in)/generated from operating activities		**(2,208,206)**	235,389
Cash flows from investing activities			
Purchase of property, plant and equipment		**(119,253)**	(75,449)
Increase of investment properties	7	**(74,694)**	(91,063)
Loans granted		**(277,500)**	(550,000)
Interest received from granted loans		**1,428**	5,974
Decrease in deposits with original maturity of 3 months		**3,089**	—
Proceeds from sale of property, plant and equipment	33 (a)	**546**	868
Acquisition of additional interest in a subsidiary from non-controlling interests		**—**	(2,918)
Disposal of subsidiaries, net of cash acquired		**—**	(37,221)
Acquisition of a subsidiary		**20,044**	—
Investment in a joint venture		**(22,500)**	—
Net cash used in investing activities		**(468,840)**	(749,809)
Cash flows from financing activities			
Proceeds from borrowings	23	**8,315,669**	6,205,419
Repayments of borrowings	23	**(5,132,675)**	(3,161,250)
Repayments of bonds		**—**	(1,700,000)
Proceeds from borrowings from non-controlling interests		**517,439**	—
Proceeds from injuction from non-controlling interests		**35,000**	—
Dividends paid to a non-controlling interest of a subsidiary		**—**	(8,223)
Dividends paid to the equity holders of the Company	32	**(202,021)**	(202,021)
Net cash generated from financing activities		**3,533,412**	1,133,925
Net increase in cash and cash equivalents		**856,366**	619,505
Cash and cash equivalents at beginning of year		**3,196,257**	2,576,752
Cash and cash equivalents at end of year		**4,052,623**	3,196,257

The notes on page 67 to 154 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Beijing North Star Company Limited (the "Company") is a joint stock limited liability Company established in the People's Republic of China (the "PRC") on 2 April 1997 as part of the reorganisation (the "Reorganisation") of a state-owned enterprise known as Beijing North Star Industrial Group Limited Liabilites Company ("BNSIGC").

Pursuant to the Reorganisation in preparation for the listing of the Company's H shares on the Main Board of The Stock Exchange of Hong Kong Limited, the Company took over the principal subsidiaries and business undertakings of BNSIGC, together with their related assets and liabilities. The Company was granted the status of a sino-foreign joint venture joint stock limited Company on 20 July 1998. The address of its registered office is No.8 Bei Chen Dong Road, Chao Yang District, Beijing, the PRC.

On 25 September 2006, the Company issued 1,500,000,000 A shares at RMB2.4 per share and these shares were listed on the Shanghai Stock Exchange on 16 October 2006. Since then, the Company's shares have been jointly listed on the Main Board of The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange.

The Company is principally engaged in property leasing, land and property development, property investment, provision of food and beverage services as well as the operation of hotels and department stores in the PRC. The subsidiaries are mainly engaged in property development, property management and property investment in the PRC. The Company and its subsidiaries are herein collectively referred to as the "Group".

These consolidated financial statements are presented in Renminbi, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 18 March 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties which are carried at fair value.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap.32) for this financial year and the comparative period.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation *(Continued)*

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2014:

- Amendment to HKAS 32, "Financial instruments: Presentation" on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the group financial statements.

- Amendments to HKAS 36, "Impairment of assets", on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in HKAS 36 by the issue of HKFRS 13.

- Amendment to HKAS 39, "Financial instruments: Recognition and measurement" on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to "over-the-counter" derivatives and the establishment of central counterparties. Under HKAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Group has applied the amendment and there has been no significant impact on the group financial statements as a result.

- HK(IFRIC) 21, "Levies", sets out the accounting for an obligation to pay a levy if that liability is within the scope of HKAS 37 "Provisions". The interpretation addresses what the obligating event is that gives rise to the payment a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

- Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation *(Continued)*

2.1.1 Changes in accounting policy and disclosures *(Continued)*

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- HKFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes.

  Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess HKAS 9's full impact.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation *(Continued)*

2.1.1 Changes in accounting policy and disclosures *(Continued)*

(b) New standards and interpretations not yet adopted *(Continued)*

- HKFRS 15, "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 "Revenue" and HKAS 11 "Construction contracts" and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of HKFRS 15.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

(c) New Hong Kong Companies Ordinance (Cap.622)

- In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation *(Continued)*

(a) Business combinations (Continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.2 Subsidiaries *(Continued)*

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit of investments accounted for using equity method" in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.3 Associates *(Continued)*

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the income statement.

2.4 Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of directors that makes strategic decisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "finance income" or "finance cost". All other foreign exchange gains and losses are presented in the income statement within "other (losses)/gains – net".

2.7 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings	20-40 years
Hotel properties	20-40 years
Plant and machinery	5-15 years
Furniture, fixtures, equipment and motor vehicles	5-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.7 Property, plant and equipment *(Continued)*

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts and are recognised within "other (losses)/gains – net", in the consolidated income statement.

Construction-in-progress represents buildings, plant and machinery under construction and pending installation and is stated at cost. Cost includes the costs of construction of buildings, the cost of plant and machinery, installation, testing and other direct costs incurred during the development period. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. The carrying amount of a construction-in-progress is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9). When the assets concerned get ready for their intended use, the costs are depreciated in accordance with the policy as stated above.

2.8 Properties

(a) Land use rights

All land in Mainland China is state-owned and no individual land ownership right exists. The Group acquired the rights to use certain land and the premiums paid for such rights are recorded as land use rights, which are stated at cost and amortised over the use terms of 40 to 70 years using the straight-line method.

Land use rights which is held for development for sales are inventories (Note 2.11) and measured at lower of cost and net realisable value. Land use rights which is held for long-term rental yields are investment properties (Note 2.8(b)) and measured at fair value. Land use rights for own use are stated at cost and amortised over the use terms of 40-50 years using the straight-line method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.8 Properties *(Continued)*

(b) Investment properties

Investment property, principally leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Investment property is measured initially at its cost, including related transaction cost and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement as "fair value gains on investment properties".

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as investment property and measured at fair value if its fair value becomes reliably determinable or construction is completed (whichever is earlier).

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the consolidated income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to depreciation or amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Financial assets

The Group's financial assets comprise "trade and other receivables" (Note 2.12), "cash and cash equivalents" (Notes 2.13) and "restricted bank deposits" (Note 17) in the consolidated balance sheet. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.10 Financial assets *(Continued)*

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.11 Inventories

(a) Properties under development and held for sale

Properties under development and held for sale are stated at the lower of cost and net realisable value Development cost of properties comprises construction costs, cost of land use rights, professional expenses and capitalized interest. On completion, the properties are transferred to completed properties held for sale.

Net realizable value takes into account the price ultimately expected to be realized, less applicable variable selling expenses and the anticipated costs to completion.

Properties under development and held for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

(b) Other inventories

Other inventories are stated at the lower of cost and net realisable value. Cost, calculated on the weighted average basis, comprises invoiced price, delivery and other direct costs relating to the purchases. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.14 Share capital

Liquid shares, A shares and H shares issued by the Company are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the PRC where the Company and its subsidiaries and joint venture operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associate and joint venture, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.19 Employee benefits

(a) Pension obligations

The Group has only defined contribution plans.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it determines to terminate the employment contract of current employees in accordance with its formal termination plan. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c) Early retirement benefits

The Group provides early retirement benefits to employees who accept early retirement arrangements. Early retirement benefits are salaries and social welfare paid for employees who accept voluntary retirement before the retirement date stipulated by the State, as approved by the Group's management. The related benefit payments are made from the date of the early retirement till the normal retirement ages. During the period in which the Group approves the early retirement and the related conditions are met, early retirement benefits are respectively recognised as liability and expense/cost in the balance sheet and income statement. The liability and expense/cost recognised is the present value of the present value of the benefits intended to be paid for the period from the termination of service of the employee until the normal retirement date. Differences arising from changes in assumptions and estimates of the present value of the liabilities are recognized in consolidate income statement when incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.19 Employee benefits *(Continued)*

(d) Bonus plans

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(e) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.21 Revenue recognition *(Continued)*

(a) Sales of properties

Revenue from sales of properties is recognised when the risks and rewards of the properties are transferred to the purchasers, which is when the construction of the relevant properties have been completed and the properties have been delivered to the purchasers pursuant to the sale agreements, and collectability of related receivables is reasonably assured.

Deposits and installments received on properties sold prior to the date of revenue recognition are included in current liabilities.

(b) Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease.

(c) Sales of goods — retail

Sales of goods are recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

(d) Sales of services

Revenue from provision of services is recognised in the accounting period in which the services are rendered.

2.22 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

2.23 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor), are charged to the income statement on a straight-line basis over the period of the lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.24 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight- line basis over the expected lives of the related assets.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.26 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks on behalf of certain purchasers of the Group's properties to secure mortgage loans.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with HKAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgement. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated income statement within other operating expenses.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, and fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Board of directors reviews and agrees policies for managing each of these risks as summarised below.

(a) Market risk

(i) Foreign exchange risk

The Group principally operates in the PRC, with most transactions denominated in RMB. Therefore, the Group does not have significant exposure to foreign exchange risk. The conversion of RMB into foreign currencies is subjected to the rules and regulations of the foreign exchange control, as promulgated by the PRC government.

(ii) Cash flow and fair value interest rate risk

The Group's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. The Group closely monitors the trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements to hedge its exposure to interest rate risk, but will consider hedging interest rate risk should the need arise.

At 31 December 2014, if interest rates of borrowings issued at variable rates had increased/decreased by 10% (approximately 70 basis points) with all other variables held constant, the Group's post-tax profit for the year, after taking into account the impact of interest capitalisation, would have decreased/increased by approximately RMB18,379,000 (2013:RMB17,602,000).

3. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk

The Group is exposed to credit risk in its restricted bank deposits, cash and cash equivalents, and trade and other receivables.

All of the Group's cash and cash equivalents, and restricted cash are mainly held in major financial institutions located in the PRC, which are of high credit quality as majority of them are held in state-owned banks. There was no recent history of default of cash and cash equivalents, and restricted cash from such financial institutions/authority.

The Group's trade receivable balances are due from connected parties as a result of sales of goods. The Group's other receivables are mainly due from connected parties. The Group performs ongoing credit evaluations of the financial condition of its customers/debtors on an individual basis, taking into accounts their financial position, past experience and other factors, and generally does not require collateral from the customers/debtors' account on the outstanding balances. Based on the expected realisation and timing for collection of the outstanding balances, the Group maintains a provision for bad debts and actual losses incurred have been within management's expectation, and management believes that there is no material credit risk inherent in the Group's outstanding receivable balances.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group recover any amounts paid by the Group to the bank by way of priority treatment the relevant property. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group in and aggregated by the financial department of the headquarters. Financial department of the Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity Groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

3. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk *(Continued)*

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
Group					
At 31 December 2014					
Borrowings (including interest)	**3,466,369**	**5,613,377**	**7,502,536**	**3,206,367**	**19,788,649**
Trade and other payables *(Note 11)*	**4,156,969**	**—**	**—**	**—**	**4,156,969**
Financial Guarantee *(Note 34)*	**2,479,591**	**—**	**—**	**—**	**2,479,591**
Total	**10,102,929**	**5,613,377**	**7,502,536**	**3,206,367**	**26,425,209**
At 31 December 2013					
Borrowings (including interest)	4,141,094	2,438,755	7,137,851	1,673,491	15,391,191
Trade and other payables *(Note 11)*	3,017,380	—	—	—	3,017,380
Financial Guarantee *(Note 34)*	2,234,703	—	—	—	2,234,703
Total	9,393,177	2,438,755	7,137,851	1,673,491	20,643,274
Company					
At 31 December 2014					
Borrowings (including interest)	**3,356,469**	**4,458,277**	**7,502,536**	**3,206,367**	**18,523,649**
Trade and other payables *(Note 11)*	**2,416,321**	**—**	**—**	**—**	**2,416,321**
Financial Guarantee	**310,810**	**—**	**—**	**—**	**310,810**
Total	**6,083,600**	**4,458,277**	**7,502,536**	**3,206,367**	**21,250,780**
At 31 December 2013					
Borrowings (including interest)	4,141,094	2,438,755	7,137,851	1,673,491	15,391,191
Trade and other payables *(Note 11)*	2,310,618	—	—	—	2,310,618
Financial Guarantee	487,879	—	—	—	487,879
Total	6,939,591	2,438,755	7,137,851	1,673,491	18,189,688

3. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the asset-liability ratio ratio. This ratio is calculated as total liabilities divided by total assets.

The asset-liability ratios at 31 December 2014 and 2013 were as follows:

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Asset-liability ratio	**64%**	60%

There is no significant change in the asset-liability ratios.

3.3 Fair value estimation

Other than investment properties, the Group has no other assets that carried at fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Details of the fair value of investment properties have been disclosed in Note 7.

The carrying amounts of the Group's financial assets and financial liabilities approximated their fair values due to their short maturities, except the long term bonds which is described in Note 23(i).

As described in Note 4.2(a), the fair value of the financial guarantee is considered not to be significant.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes

The Group is subject to income taxes in the PRC. Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expenses in the period in which such determination is made.

(b) Land appreciation taxes

The Group is subject to land appreciation taxes in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its land appreciation tax calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The Group recognised these land appreciation taxes based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expenses in the periods in which such taxes are finalised with local tax authorities.

(c) Estimate of impairment of properties under development

Property under development is reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of estimated selling price of the properties in the ordinary course of business, less estimated costs to complete the development of properties and applicable variable selling expenses and carrying amount of the properties under development. Management makes judgements on whether such events or changes in circumstances have occurred, and makes estimates mainly for selling price and cost to complete the development of the properties in determining the recoverable amount.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

4.1 Critical accounting estimates and assumptions *(Continued)*

(d) Estimate of construction cost of completed properties held for sale

The Group makes estimations on properties construction cost upon recognition of respective costs of sales. Such estimates are substantiated by detail budgetary information as developed by the management, and will be assessed periodically, as the constructions progresses. Should these estimates depart from their actual finalized costs, such differences would affect the accuracy of costs of sales recognized.

(e) Estimate of fair value of investment properties

The fair values of investment properties owned by the Group are assessed annually by an independent professional valuer. Details of the judgement and assumptions have been disclosed in Note 7.

4.2 Critical judgements in applying the entity's accounting policies

(a) Revenue recognition

The Group has recognised revenue from the sale of properties held for sale as disclosed in note 2.21. The assessment of when an entity has transferred the significant risks and rewards of ownership to buyers requires the examination of the circumstances of the transaction. In most cases, the transfer of risks and rewards of ownership coincides with the date when the equitable interest in the property vests with the buyer upon release of the respective property to the buyer.

As disclosed in note 34, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. These guarantees will expire when relevant property ownership certificates are lodged with the various banks by the purchasers. In order to obtain mortgages, the purchasers would have settled certain percentage of the total contract amount in accordance with related PRC regulations upon delivery of the properties. The directors of the Company are of the opinion that such settlements provide sufficient evidence of the purchasers' commitment to honour contractual obligation of the bank loans. In addition, based on the past experiences, there were no significant defaults of mortgage facilities by the purchasers resulted in the bank guarantees were called upon. Accordingly, the directors believe that significant risks and rewards associated to the ownership of the properties have been transferred to the purchasers.

5. 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 a product/service perspective. From a product/service perspective, management assesses the performance of development properties, commercial properties and investment properties and hotels. Development properties are the segment which involves the sales of developed properties; commercial properties are the segment which involves the operation of retail business in supermarkets and shopping centers; and investment properties and hotels are the segment which involves in operation of rental apartments, office buildings, conference centers, and hotels.

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

The Board assesses the performance of the operating segments based on a measure of adjusted profit before income tax based on assumptions that investment properties are measured at cost and certain assets injected by the state-owned shareholder are measured at the revaluated costs. This measurement basis mainly excludes the fair value gains on investment properties and includes land appreciation taxes and the depreciation of investing properties. Other information provided, except as noted below, to the Board is measured in a manner consistent with that in the financial statements.

Total assets mainly exclude deferred tax assets,corporate cash and loans granted, which are managed on a centralised basis; the investment properties are measured at cost; certain assets injected by the state-owned shareholder are measured at the revaluated cost. These are part of the reconciliation to total balance sheet assets.

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

5. SEGMENT INFORMATION *(CONTINUED)*

Turnover consists of sales from development properties, commercial properties and investment properties and hotels segments. Revenues recognised during the years ended 31 December 2014 and 31 December 2013 are as follows:

	Year ended 31 December 2014 RMB'000	2013 RMB'000
Revenue		
Development properties	3,709,222	2,957,761
Commercial properties	288,645	348,180
Investment properties and hotels	2,112,147	2,084,858
	6,110,014	5,390,799
All other segments	123,609	114,192
	6,233,623	5,504,991

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

The segment information provided to the Board for the reportable segments for the year ended 31 December 2014 is as follows:

Business segment	Development properties RMB'000	Commercial properties RMB'000	Investment properties and hotels RMB'000	All other segments RMB'000	Total Group RMB'000
Total revenues	3,711,001	288,645	2,121,274	177,442	6,298,362
Inter-segment revenues	(1,779)	—	(9,127)	(53,833)	(64,739)
Revenues (from external customers)	3,709,222	288,645	2,112,147	123,609	6,233,623
Profit before income tax	687,102	5,011	555,547	(22,910)	1,224,750
Depreciation and amortisation	3,136	39,350	274,645	6,069	323,200
Finance income	9,963	1,129	3,713	2,602	17,407
Finance costs	—	—	—	—	—
Share of loss from investments accounted for using the equity method	—	—	—	—	—
Adjusted income tax expenses	618,660	3,749	138,887	(3,731)	757,565

5. SEGMENT INFORMATION *(CONTINUED)*

The segment information for the year ended 31 December 2013 is as follows:

Business segment	Development properties *RMB'000*	Commercial properties *RMB'000*	Investment properties and hotels *RMB'000*	All other segments *RMB'000*	Total Group *RMB'000*
Total revenues	2,957,761	348,180	2,096,085	160,286	5,562,312
Inter-segment revenues	—	—	(11,227)	(46,094)	(57,321)
Revenues (from external customers)	2,957,761	348,180	2,084,858	114,192	5,504,991
Profit before income tax	675,306	8,757	656,698	(10,976)	1,329,785
Depreciation and amortization	3,319	39,889	269,736	6,109	319,053
Finance income	9,196	1,106	3,235	2,295	15,832
Finance costs	—	—	—	—	—
Share of loss from investments accounted for using the equity method	—	—	—	—	—
Adjusted income tax expenses	412,907	2,194	164,242	(2,418)	576,925

Sales between segments are carried out on normal commercial terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the Board is measured in a manner consistent with that in the consolidated income statement.

5. SEGMENT INFORMATION *(CONTINUED)*

The segment information as at 31 December 2014 and 31 December 2013 is as follows:

Business segment	Development properties	Commercial properties	Investment properties and hotels	All other segments	Total Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2014					
Total segments' assets	**27,603,945**	**1,060,336**	**5,903,706**	**111,163**	**34,679,150**
Total assets include:					
Investments accounted for using equity method	**—**	**—**	**—**	**—**	**—**
Additions to non-current assets (other than deferred tax assets)	**2,564**	**302**	**1,359,688**	**9,088**	**1,371,642**
Total segments' liabilities	**19,247,179**	**193,154**	**3,276,657**	**218,452**	**22,935,442**
As at 31 December 2013					
Total segments' assets	22,745,801	1,104,142	5,923,163	74,727	29,847,833
Total assets include:					
Investments accounted for using equity method	—	—	—	—	—
Additions to non-current assets (other than deferred tax assets)	3,153	50,648	108,120	4,368	166,289
Total segments' liabilities	15,068,807	246,335	3,990,575	184,718	19,490,435

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

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

5. SEGMENT INFORMATION *(CONTINUED)*

Reportable segments' profit before income tax is reconciled to total profit before income tax as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Profit before income tax for reportable segments	**1,224,750**	1,329,785
Corporate overheads	**(89,459)**	(89,796)
Corporate finance costs	**(366,301)**	(328,619)
Corporate finance income	**24,955**	21,054
Gain on disposal of subsidiaries	**—**	388
Share of loss from investments accounted for using the equity method	**(669)**	(712)
Fair value gains on investment properties	**161,206**	9,737
Reversal of depreciation of investment properties	**167,432**	166,681
Land appreciation tax	**443,876**	243,211
Others	**3,580**	3,580
Profit before income tax	**1,569,370**	1,355,309

5. SEGMENT INFORMATION *(CONTINUED)*

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Total segments' assets	**34,679,150**	29,847,833
Deferred income tax assets *(Note 24)*	**172,932**	24,574
Corporate cash	**2,525,613**	1,674,358
Interest in investments accounted for using the equity method	**28,398**	6,567
Loan granted	**277,500**	550,000
Aggregated fair value gains on investment properties	**5,301,646**	5,140,440
Reversal of accumulated depreciation of investment properties	**1,497,296**	1,329,864
Others	**(8,093)**	(11,673)
Total assets per balance sheet	**44,474,442**	38,561,963
Total segments' liabilities	**22,935,442**	19,490,435
Deferred income tax liabilities *(Note 24)*	**1,697,714**	1,614,659
Corporate borrowings	**3,237,437**	1,755,750
Other corporate liabilities	**437,185**	206,752
Total liabilities per balance sheet	**28,307,778**	23,067,596

The reconciliation of the Group's depreciation and amortisation for reportable segments and corresponding amount per disclosure for property, plant and equipment (Note 8) and land use rights are mainly reversal of depreciation of investment properties and other related adjustments amounting to 167,400,000 (2013: RMB166,649,000).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 year ended 31 December 2014 and 2013.

The reconciliation of reportable segments' income tax expenses and total income tax expenses amounts to 24,552,000 (2013: RMB53,701,000), impacted by aforementioned reconciliation items including corporate overheads, corporate financial costs, corporate financial income, fair value gains on investment properties, reversal of depreciation of investment properties and others.

At 31 December 2014 and 31 December 2013, all the Group's non-current assets other than deferred tax assets (there are no employment benefit assets and rights arising under insurance contracts) are located in the PRC.

The Group has a large number of customers, and there is no significant revenue derived from specific external customers for the year ended 31 December 2014 and 2013.

6. LAND USE RIGHTS — GROUP

The Group's interests in land use rights represent prepaid operating lease payments and their net carrying amounts are analysed as follows:

	Group	
	As at 31 December	
	2014	2013
	RMB'000	RMB'000
In the PRC held on:		
Leases of between 10 to 50 year	329,122	1,011

7. INVESTMENT PROPERTIES — GROUP AND COMPANY

	Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
At fair value				
At 1 January	11,339,000	11,238,200	11,272,900	4,987,100
Fair value gains	161,206	9,737	158,706	2,549,874
Additions	74,694	91,063	74,694	91,063
Transfer from a subsidiary	—	—	—	3,644,863
At 31 December	11,574,900	11,339,000	11,506,300	11,272,900

7. INVESTMENT PROPERTIES — GROUP AND COMPANY *(CONTINUED)*

(a) Amounts recognised in profit and loss for investment properties

	Group Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Rental income	**1,433,830**	1,456,991
Direct operating expenses arising from investment properties that generate rental income	**297,681**	293,933
Direct operating expenses that did not generate rental income	**300,319**	269,221

The Group's investment properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. The Group has measured the deferred tax relating to the temporary differences of these investment properties using the tax rates and the tax bases that are consistent with the expected manner of recovery of these investment properties (Note 24).

(b) Valuation basis

An independent valuation of the Group's investment properties was performed by the valuer, Greater China Appraisal Limited, to determine the fair value of the investment properties as at 31 December 2014 and 2013. The revaluation gains or losses are included in "Fair value gains on investment properties" in income statement. The following table analyses the investment properties carried at fair value, by valuation method.

(i) Fair value hierarchy

	Fair value measurements at 31 December 2014 using significant unobservable inputs (Level 3)	
	Group	**Company**
	RMB'000	***RMB'000***
Recurring fair value measurements		
Investment properties:		
Office units	**5,805,900**	**5,737,300**
Appartments	**1,690,000**	**1,690,000**
Convention centres	**3,343,000**	**3,343,000**
Shopping malls	**736,000**	**736,000**
	11,574,900	**11,506,300**

7. INVESTMENT PROPERTIES — GROUP AND COMPANY *(CONTINUED)*

(b) Valuation basis *(Continued)*

(i) Fair value hierarchy *(Continued)*

	Fair value measurements at 31 December 2013 using significant unobservable inputs (Level 3)	
	Group	Company
	RMB'000	*RMB'000*
Recurring fair value measurements		
Investment properties:		
Office units	5,776,000	5,709,900
Appartments	1,580,000	1,580,000
Convention centres	3,281,000	3,281,000
Shopping malls	702,000	702,000
	11,339,000	11,272,900

All of the Group's investment properties are located in Beijing, the PRC and classified as level 3.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Levels 1, 2 and 3 during the year.

7. INVESTMENT PROPERTIES — GROUP AND COMPANY *(CONTINUED)*

(b) Valuation basis *(Continued)*

(ii) Valuation processes of the Group

The Group's investment properties were valued on 31 December 2014 by the independent professionally qualified valuer who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO, the valuation team and valuers at least once every six months, in line with the Group's interim and annual reporting dates. As at 31 December 2014 and 2013, the fair values of the properties have been determined by Greater China Appraisal Limited.

At each financial year end, the finance department:

- Verifies all major inputs to the independent valuation report
- Assess property valuations movements when compared to the prior year valuation report
- Holds discussions with the independent valuer

Changes in Level 3 fair values are analyzed at each reporting date during the bi-annual valuation discussions between the CFO and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

(iii) Valuation techniques

For office units, apartments and shopping malls, the valuations were based on income capitalization approach (term and reversionary method) which largely used observable inputs (e.g. market rent, yield, etc) and taking into account the significant adjustment on term yield to account for the risk upon reversionary and the estimation in vacancy rate after expiry of current lease.

7. INVESTMENT PROPERTIES — GROUP AND COMPANY *(CONTINUED)*

(b) Valuation basis *(Continued)*

(iii) Valuation techniques *(Continued)*

For convention centres, the valuation was determined using discounted cash flow ("DCF") projections based on significant unobservable inputs. These input include:

Future rental cash inflows	Based on the actual location, type and quality of the properties and supported by the terms of any existence lease, other contracts and external evidence such as current market rents for similar properties;
Discount rates	Reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
Estimated vacancy rates	Based on current and expected future market conditions after expiry of any current lease;
Maintenance costs	Including necessary investments to maintain functionality of the property for its expected useful life;
Capitalisation rates	Based on actual location, size and quality of the properties and taking into account market data at the valuation date;
Terminal value	Taking into account assumptions regarding maintenance costs, vacancy rates and market rents.

There were no changes to the valuation techniques during the year.

(iv) Information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 31 December 2014 *(RMB'000)*	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Investment properties-office units, appartments, and shopping malls	8,231,900	Income approach (term and reversionary method)	Adjustment on term yield	1% to 2% downward adjustment on the reversion yield	The higher the adjustment on term yield, the lower the fair value
			Reversionary yield	From 9% to 19.5%	The higher the reversionary yield, the lower the fair value
Investment properties-convention centres	3,343,000	Discounted cash flow	Rental value	RMB4.8 — 6.9/sq.m./day	The higher the rental value, the higher the fair value
			Discount rate	13.5% — 17.5%	The higher the discount rate, the lower the fair value

7. INVESTMENT PROPERTIES — GROUP AND COMPANY *(CONTINUED)*

(b) Valuation basis *(Continued)*

(iv) Information about fair value measurements using significant unobservable inputs (Level 3) *(Continued)*

Description	Fair value at 31 December 2013 *(RMB'000)*	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Investment properties-office units, appartments, and shopping malls	8,058,000	Income approach (term and reversionary method)	Adjustment on term yield	1% to 2% downward adjustment on the reversion yield	The higher the adjustment on term yield, the lower the fair value
			Reversionary yield	From 9% to 19.5%	The higher the reversionary yield, the lower the fair value
Investment properties-convention centres	3,281,000	Discounted cash flow	Rental value	RMB4.5 – 7/sq.m./day	The higher the rental value, the higher the fair value
			Discount rate	13.5% – 17.5%	The higher the discount rate, the lower the fair value

There are inter-relationships between unobservable inputs. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields.

(c) Non current assets pledged as security

As at 31 December 2014, certain investment properties with fair value of RMB11,415,000,000 (2013: RMB11,188,000,000) were pledged as securities for long term bank borrowings (Note 23).

The Group's interests in investment properties at their carrying amounts are analysed as follows:

	Group As at 31 December		Company As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
In Beijing, the PRC, held on:				
Leases of over 50 years	**1,770,300**	1,664,900	**1,770,300**	1,664,900
Leases between 10 years and 50 years	**9,804,600**	9,674,100	**9,736,000**	9,608,000
	11,574,900	11,339,000	**11,506,300**	11,272,900

8. PROPERTY, PLANT AND EQUIPMENT — GROUP AND COMPANY

	Group					
	Buildings *RMB'000*	Hotel properties *RMB'000*	Plant and machinery *RMB'000*	Furniture, fixtures, equipment and motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
At 1 January 2013						
Cost	928,431	1,544,159	372,155	366,406	1,879	3,213,030
Accumulated depreciation and impairment	(181,568)	(445,928)	(194,773)	(225,435)	—	(1,047,704)
Net book amount	746,863	1,098,231	177,382	140,971	1,879	2,165,326
Year ended 31 December 2013						
Opening net book amount	746,863	1,098,231	177,382	140,971	1,879	2,165,326
Additions	—	—	15,756	35,476	26,371	77,603
Disposals	(436)	—	(4,267)	(858)	—	(5,561)
Transfer	—	—	780	—	(780)	—
Other deduction*(i)*	(9,005)	—	—	—	—	(9,005)
Depreciation *(Note 25)*	(28,591)	(31,753)	(51,402)	(41,697)	—	(153,443)
Closing net book amount	708,831	1,066,478	138,249	133,892	27,470	2,074,920
At 31 December 2013						
Cost	918,990	1,544,159	384,424	401,024	27,470	3,276,067
Accumulated depreciation and impairment	(210,159)	(477,681)	(246,175)	(267,132)	—	(1,201,147)
Net book amount	708,831	1,066,478	138,249	133,892	27,470	2,074,920

8. PROPERTY, PLANT AND EQUIPMENT — GROUP AND COMPANY *(CONTINUED)*

	Group					
	Buildings	Hotel properties	Plant and machinery	Furniture, fixtures, equipment and motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2014						
Opening net book amount	708,831	1,066,478	138,249	133,892	27,470	2,074,920
Additions	—	—	21,125	67,694	34,015	122,834
Disposals	—	—	(2,180)	(778)	—	(2,958)
Transfer	—	30,275	17,460	863	(48,598)	—
Acquisition of a subsidiary *(Note(9)(b)(iv))*	—	—	—	615	—	615
Transfer from completed properties held for sale *(Note 14)*	—	729,027	120,256	—	—	849,283
Depreciation *(Note 25)*	(28,427)	(33,013)	(49,413)	(46,185)	—	(157,038)
Closing net book amount	680,404	1,792,767	245,497	156,101	12,887	2,887,656
At 31 December 2014						
Cost	918,990	2,303,461	541,085	469,418	12,887	4,245,841
Accumulated depreciation and impairment	(238,586)	(510,694)	(295,588)	(313,317)	—	(1,358,185)
Net book amount	680,404	1,792,767	245,497	156,101	12,887	2,887,656

Depreciation expense of RMB93,417,000 (2013: RMB96,040,000) has been charged in cost of sales, RMB5,551,000 (2013: RMB5,511,000) in selling and marketing expenses and RMB58,070,000 (2013: RMB51,892,000) in administrative expenses in the consolidated income statement.

8. PROPERTY, PLANT AND EQUIPMENT — GROUP AND COMPANY *(CONTINUED)*

As at 31 December 2014, certain hotel properties with net book value of RMB1,824,106,000 (2013: RMB762,144,000) are pledged as securities for long term bank borrowings (Note 23).

	Company					
	Buildings	Hotel properties	Plant and machinery	Furniture, fixtures, equipment and motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2013						
Cost	905,938	1,223,412	276,977	341,681	1,879	2,749,887
Accumulated depreciation and impairment	(167,050)	(428,622)	(188,969)	(213,086)	—	(997,727)
Net book amount	738,888	794,790	88,008	128,595	1,879	1,752,160
Year ended 31 December 2013						
Opening net book amount	738,888	794,790	88,008	128,595	1,879	1,752,160
Additions	—	—	11,301	30,215	26,371	67,887
Transfer	—	—	780	—	(780)	—
Disposals	—	—	(2,387)	(756)	—	(3,143)
Transfer from a subsidiary	—	332,885	56,664	8,061	—	397,610
Other deduction	(9,005)	—	—	—	—	(9,005)
Depreciation	(28,185)	(31,753)	(47,688)	(39,081)	—	(146,707)
Closing net book amount	701,698	1,095,922	106,678	127,034	27,470	2,058,802
At 31 December 2013						
Cost	896,933	1,556,297	286,671	371,140	27,470	3,138,511
Accumulated depreciation and impairment	(195,235)	(460,375)	(179,993)	(244,106)	—	(1,079,709)
Net book amount	701,698	1,095,922	106,678	127,034	27,470	2,058,802

8. PROPERTY, PLANT AND EQUIPMENT — GROUP AND COMPANY *(CONTINUED)*

	Company					
	Buildings	Hotel properties	Plant and machinery	Furniture, fixtures, equipment and motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2014						
Opening net book amount	701,698	1,095,922	106,678	127,034	27,470	2,058,802
Additions	—	—	7,968	18,653	34,015	60,636
Transfer	—	30,275	17,460	863	(48,598)	—
Disposals	—	—	(2,135)	(771)	—	(2,906)
Depreciation	(27,984)	(26,719)	(42,743)	(37,715)	—	(135,161)
Closing net book amount	673,714	1,099,478	87,228	108,064	12,887	1,981,371
At 31 December 2014						
Cost	896,933	1,586,572	309,964	389,885	12,887	3,196,241
Accumulated depreciation and impairment	(223,219)	(487,094)	(222,736)	(281,821)	—	(1,214,870)
Net book amount	673,714	1,099,478	87,228	108,064	12,887	1,981,371

9. INVESTMENTS IN AND LOANS TO SUBSIDIARIES — COMPANY

(a) Investments in subsidiaries

	Company As at 31 December	
	2014	2013
	RMB '000	*RMB '000*
Unlisted investments, at cost	**2,123,158**	1,814,608

(b) Loans to subsidiaries

	Company As at 31 December	
	2014	2013
	RMB '000	*RMB '000*
Loans to subsidiaries	**12,395,299**	10,838,005

Loans to subsidiaries are receivables on demand and carry interest at prevailing market rates, which management is of the view to present it in current assets. The fair values of loans to subsidiaries approximate to their book values.

9. INVESTMENTS IN AND LOANS TO SUBSIDIARIES — COMPANY *(CONTINUED)*

(b) Loans to subsidiaries *(Continued)*

The following is a list of the principal subsidiaries at 31 December 2014. All subsidiaries are established and operate in the PRC.

Name	Place of incorporation	Principal activities and place of operation	Registered share capital and paid up capital	Group equity interest held directly	Group equity interest held indirectly	Non-controlling interests
Beijing North Star Real Estate Development Co., Limited 北京北辰房地產開發股份有限公司 *(Note i)*	Beijing	Property development in Beijing	RMB500,180,000	99.05%	—	0.95%
Beijing North Star Lu Zhou Commercial Trading Co., Limited 北京北辰綠洲商貿有限公司 *(Note iii) (Note vii)*	Beijing	Trading in Beijing	RMB1,000,000	80%	20%	—
Beijing Wuzhou Miller Beer Garden Restaurant Joint Venture Co., Limited 北京五洲美樂啤酒餐廳有限公司 *(Note ii) (Note vii)*	Beijing	Restaurant operation in Beijing	US$1,346,000	59.81%	—	40.19%
Beijing North Star Xin Cheng Property Management Co., Limited 北京北辰信誠物業管理有限責任公司 *(Note iii) (Note vii)*	Beijing	Property management in Beijing	RMB5,000,000	80%	20%	—
Beijing Jiang Zhuang Hu Property Co., Limited 北京姜莊湖園林別墅開發有限公司 ("BJJZH") *(Note ii) (Note vii)*	Beijing	Property development in Beijing	US$16,000,000	—	51%	49%
Beijing Tian Cheng Tian Property Co., Limited 北京天成天房地產開發有限公司 *(Note iii) (Note vii)*	Beijing	Property development in Beijing	RMB11,000,000	5%	95%	—
Beijing North Star Xintong Internet Technology Service Co., Limited 北京北辰信通網絡技術服務有限公司 *(Note iii) (Note vii)*	Beijing	Multimedia information network development, system integration and software development	RMB20,000,000	100%	—	—
Changsha North Star Real Estate Development Co., Limited 長沙北辰房地產開發有限公司 *(Note iii)*	Changsha	Property development	RMB1,200,000,000	100%	—	—
Beijing North Star Supermarket Chain Co., Limited 北京北辰超市連鎖有限公司 *(Note iii) (Note vii)*	Beijing	Retail	RMB10,000,000	100%	—	—
Beijing North Star Hotel Management Com., Limited 北京北辰飯店管理有限公司 *(Note iii) (Note vii)*	Beijing	Hotel and restaurant management consulting service	RMB500,000	100%	—	—
Beijing North Star International Convention Centre Com., Limited 北京北辰國際會展有限公司 *(Note iii) (Note vii)*	Beijing	Convention and exhibition	RMB20,000,000	100%	—	—
Changsha Central Garden Real Estate Co., Limited("CSCGRE") 長沙世紀御景房地產有限公司 *(Note iii) (Note iv)*	Changsha	Property development in Changsha	RMB10,410,000	51%	—	49%
Hangzhou North Star Real Estate Co., Limited ("HZNSRE") 杭州北辰置業有限公司 *(Note iii) (Note v)*	Hangzhou	Property development in Hangzhou	RMB50,000,000	70%	—	30%
Beijing North Star MOMA Real Estate Co., Limited ("BJNRMRE") 北京北辰當代置業有限公司 *(Note iii) (Note vi)*	Beijing	Property development in Beijing	RMB50,000,000	50%	—	50%

9. INVESTMENTS IN AND LOANS TO SUBSIDIARIES — COMPANY *(CONTINUED)*

(b) Loans to subsidiaries *(Continued)*

The English translation of above companies' name is for reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.

(i) BNSRE is a joint stock limited Company. A joint stock limited Company is a Company having a registered share capital divided into shares of equal par value.

(ii) These companies are equity joint ventures. Equity joint ventures are sino-foreign joint ventures of which the partners' capital contribution ratios are defined in the joint venture contracts and the partners' profit-sharing ratios are in proportion to the capital contribution ratios.

(iii) These companies are limited liability companies.

(iv) In April 2014, the Company acquired 51% of equity interest in CSCGRE. After the transaction, CSCGRE became a subsidiary of the Group.

CSCGRE had no business activities except for the holding of a certain land use rights at the time of acquisition. The sole intention of the Group to acquire CSCGRE is for its underlying core assets. Accordingly, the Group accounted for this acquisition of subsidiary as an asset acquisition.

(v) On 19 September 2014, the Company established a subsidiary, HZNSRE with other two investors by investing RMB35,000,000 or 70% of the total paid in capital of HZNSRE. HZNSRE is a limited liability company incorporated in the PRC and engaged mainly in property development in Hangzhou, the PRC.

(vi) On 15 November 2014, the Company established a subsidiary, BJNRMRE with the other investor by investing RMB25,000,000 or 50% of the total paid in capital of BJNRMRE. The Company is able to gain power over more than one half of the voting rights by virtue of an agreement with the other investor. BJNRMRE is a limited liability company incorporated in the PRC and engaged mainly in property development in Beijing, the PRC.

(vii) Subsidiaries not audited by PricewaterhouseCoopers. The aggregate net assets of subsidiaries not audited by PricewaterhouseCoopers amounted to approximately 2.18% of the Group's total net assets.

9. INVESTMENTS IN AND LOANS TO SUBSIDIARIES — COMPANY *(CONTINUED)*

(c) Material non-controlling interests

The total non-controlling interest for the period is RMB56,423,000, of which RMB60,970,000 is for BJJZH. The non-controlling interest in respect of other subsidiaries is not material.

Cash and short-term deposits of RMB538,454,000 are held in China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

Set out below are the summarized financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarized balance sheet

	BJJZH As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Current		
Assets	**1,016,562**	1,147,827
Liabilities	**784,000**	995,844
Total current net assets	**232,562**	151,983
Non-current		
Assets	**45,350**	1,500
Liabilities	**—**	—
Total non-current net assets	**45,350**	1,500
Net assets	**277,912**	153,483

9. INVESTMENTS IN AND LOANS TO SUBSIDIARIES — COMPANY *(CONTINUED)*

(c) Material non-controlling interests *(Continued)*

Summarized income statement

	BJJZH Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Revenue	**593,665**	179,573
Profit before income tax	**330,848**	105,298
Income tax expense	**206,419**	67,735
Post-tax profit	**124,429**	37,563
Other comprehensive income	**—**	—
Total comprehensive income	**124,429**	37,563
Total comprehensive income		
allocated to non-controlling interests	**60,970**	18,406
dividends paid to non-controlling interests	**—**	—

9. INVESTMENTS IN AND LOANS TO SUBSIDIARIES — COMPANY *(CONTINUED)*

(c) Material non-controlling interests *(Continued)*

Summarized cash flows

	BJJZH Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Cash flows from operating activities		
Cash generated from operations	**115,339**	126,508
Interest paid	**—**	—
Income tax paid	**(92,263)**	(28,127)
Net cash generated from operating activities	**23,076**	98,381
Net cash used in investing activities	**(193,580)**	(24)
Net cash used in financing activities	**(5,084)**	—
Net (decrease)/increase in cash and cash equivalents	**(175,588)**	98,357
Cash and cash equivalents at beginning of the year	**714,042**	615,685
Exchange losses on cash and cash equivalents	**—**	—
Cash and cash equivalents at end of year	**538,454**	714,042

The information above is the amount before inter-company eliminations.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the balance sheet are as follows:

	2014	2013
	RMB'000	*RMB'000*
Associates	6,484	6,567
Joint ventures	21,914	—
At 31 December	28,398	6,567

The amounts recognised in the income statement are as follows:

	2014	2013
	RMB'000	*RMB'000*
Associates	(83)	(712)
Joint ventures	(586)	—
For the year ended 31 December	(669)	(712)

(a) Investment in joint venture

	Group and Company Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
At 1 January	—	—
Additions	22,500	—
Share of loss of a joint venture		
— loss after taxation	(586)	—
At 31 December	21,914	—

Set out below is a joint venture of the Group as at 31 December 2014, which, in the opinion of the directors, is material to the Group. The joint venture as listed below has registered capital which is held directly by the Group; the place of incorporation or registration is also their principal place of business.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(CONTINUED)*

(a) Investment in joint venture *(Continued)*

Nature of investment in joint venture as at 31 December 2014

Name of entity	Place of business/ country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Wuhan Modern Land North Star Real Estate Co., Limited ("WHMLNSRE") 武漢當代北辰置業有限公司 *(Note (i))*	Wuhan	45%	*Note(ii)*	Equity

(i) On 15 August 2014, the Company established an associate, WHMLNSRE with other two investors by investing RMB22,500,000, or 45% of the total paid in capital of WHMLNSRE, and WHMLNSRE is accounted for as a joint venture of the Group. WHMLNSRE is a limited liability Company incorporated in the PRC and engaged mainly in property development in the PRC.

(ii) WHMLNSRE engaged mainly in property development in Wuhan, the PRC. WHMLNSRE is strategic for the Group's growth in the second or third tier cities.

There are no contingent liabilities relating to the Group's interest in the joint venture.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(CONTINUED)*

(a) Investment in joint venture *(Continued)*

Summarised financial information for joint venture

Set out below are the summarised financial information for WHMLNSRE which is accounted for using the equity method.

Summarised balance sheet

	WHMLNSRE 2014 *RMB'000*
Current	
Cash and cash equivalents	10,039
Other current assets (excluding cash)	674,984
Total current assets	685,023
Financial liabilities (excluding trade payables)	637,113
Other current liabilities (including trade payables)	35
Total current liabilities	637,148
Non-current	
Assets	823
Net assets	48,698

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(CONTINUED)*

(a) Investment in joint venture *(Continued)*

Summarised statement of comprehensive income

	WHMLNSRE 2014 *RMB'000*
Revenue	—
Depreciation and amortisation	(3)
Other expenses	(1,323)
Interest income	25
Interest expense	(1)
Loss before income tax expense	(1,302)
Income tax expense	—
Post-tax loss	(1,302)
Other comprehensive income	—
Total comprehensive income	(1,302)
Dividends received from joint venture	—

The information above reflects the amounts presented in the financial statements of the joint venture (and not Group's share of those amounts) adjusted for differences in accounting policies between the Group and the joint venture.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(CONTINUED)*

(a) Investment in joint venture *(Continued)*

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in a joint venture.

Summarised financial information

	WHMLNSRE 2014 *RMB'000*
Opening net assets 15 August	50,000
Loss for the period	(1,302)
Other Comprehensive Income	—
Closing net assets	48,698
Interest in joint venture (45%)	21,914
Carrying value	21,914

(b) Investment in associates

As at 31 December 2014, there is nil associate, in the opinion of the directors, are material to the Group (as at 31 December 2013: nil).

11. FINANCIAL INSTRUMENTS BY CATEGORY — GROUP AND COMPANY

	Loans and receivables Group RMB '000	Loans and receivables Company RMB '000
Assets as per balance sheet		
31 December 2014		
Trade and other receivables excluding prepaid tax and other prepayments *(Note 16)*	**474,314**	**402,410**
Loan to subsidiaries *(Note 9(b))*	**—**	**12,395,299**
Restricted bank deposits *(Note 17)*	**257,157**	**9,951**
Cash and cash equivalents *(Note 18)*	**4,052,623**	**2,585,583**
	4,784,094	**15,393,243**
31 December 2013		
Trade and other receivables excluding prepaid tax and other prepayments *(Note 16)*	649,178	621,242
Loan to subsidiaries *(Note 9(b))*	—	10,838,005
Restricted bank deposits *(Note 17)*	237,703	12,013
Cash and cash equivalents *(Note 18)*	3,196,257	1,725,118
	4,083,138	13,196,378

	Other Financial liabilities at amortised cost Group RMB '000	Other Financial liabilities at amortised cost Company RMB '000
Liabilities as per balance sheet		
31 December 2014		
Trade and other payables *(a)*	**4,156,969**	**2,416,321**
Borrowings *(Note 23)*	**16,109,974**	**15,059,974**
	20,266,943	**17,476,295**
31 December 2013		
Trade and other payables *(a)*	3,017,380	2,310,618
Borrowings *(Note 23)*	12,924,605	12,924,605
	15,941,985	15,235,223

(a) The above trade and other payables comprise trade payables, dividends payable to non-controlling interests of a subsidiary, accrued construction costs, accrued properties under development costs, amount due to BNSIGC, accrued interest, amounts due to subsidiaries and other payables excluding statutory liabilities.

12. CREDIT QUALITY OF FINANCIAL ASSETS — GROUP AND COMPANY

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

Trade receivables

	Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade receivables that are neither past due nor impaired				
Counterparties without external credit rating				
— Group 1	**20,818**	7,117	**19,154**	8,164
— Group 2	**15,562**	20,004	**13,147**	16,201
	36,380	27,121	**32,301**	24,365

Group 1 — new third party customers (less than 12 months)
Group 2 — existing third party customers (more than 12 months) with no defaults in the past

Credit qualities of other receivables are discussed in Note 3.1(b). Credit quality of "Loans to subsidiaries" of the Company is disclosed in Note 9.

Credit qualities of "Cash and cash equivalents" and "restricted cash deposits" of the Group are discussed in Note 3.1(b).

None of the financial assets that are fully performing has been renegotiated in 2014 (2013: Nil).

13. PROPERTIES UNDER DEVELOPMENT — GROUP AND COMPANY

	Group As at 31 December		Company As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
As at 1 January	**18,287,947**	15,333,378	**2,388,242**	1,999,410
Addition	**6,860,053**	3,366,568	**507,543**	388,832
Transfer to completed properties for sale *(Note 14)*	**(9,047,230)**	(411,999)	**(810,269)**	—
As at 31 December	**16,100,770**	18,287,947	**2,085,516**	2,388,242

	Group As at 31 December		Company As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Land use rights	**9,137,427**	10,015,034	**1,175,048**	1,264,236
Development costs and capitalised expenditure	**5,201,891**	6,301,075	**672,933**	876,096
Finance costs capitalised	**1,761,452**	1,971,838	**237,535**	247,910
	16,100,770	18,287,947	**2,085,516**	2,388,242

	Group As at 31 December		Company As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Land use rights:				
In PRC, held on leases of:				
Between 40 — 50 years	**1,643,660**	1,952,169	**—**	89,188
Over 50 years	**7,493,767**	8,062,865	**1,175,048**	1,175,048
	9,137,427	10,015,034	**1,175,048**	1,264,236

As at 31 December 2014, certain properties under development with net book value of RMB8,258,241,000 (2013: RMB8,103,439,000) are pledged as securities for long term bank borrowings (Note 23).

The carrying amount of the properties under development that are expected to be completed and available for sales more than twelve months after the balance sheet date is RMB11,053,022,000. The remaining balance is expected to be completed and available for sales within one year.

14. COMPLETED PROPERTIES HELD FOR SALE — GROUP AND COMPANY

	Group As at 31 December		Company As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
As at 1 January	**2,199,453**	3,464,188	**1,600,761**	2,247,852
Transfer from properties under development *(Note 13)*	**9,047,230**	411,999	**810,269**	—
Transfer to property, plant and equipment *(Note 8)*	**(849,283)**	—	**—**	—
Transfer to land use rights	**(328,143)**	—	**—**	—
Others *(a)*	**(164,057)**	42,274	**(135,000)**	9,287
Properties sold	**(2,130,446)**	(1,719,008)	**(559,775)**	(656,378)
As at 31 December	**7,774,754**	2,199,453	**1,716,255**	1,600,761

(a) Others represent the amounts adjusted arising from the difference between the final settled costs and the estimated costs originally recognized according to the budget.

	Group As at 31 December		Company As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Land use rights	**2,146,626**	628,085	**485,240**	428,317
Development costs and capitalised expenditure	**5,003,768**	1,472,446	**1,138,269**	1,086,849
Finance costs capitalised	**624,360**	98,922	**92,746**	85,595
	7,774,754	2,199,453	**1,716,255**	1,600,761

14. COMPLETED PROPERTIES HELD FOR SALE — GROUP AND COMPANY *(CONTINUED)*

	Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Land use rights:				
In PRC, held on leases of:				
Between 40 — 50 years	**692,349**	153,417	**251,237**	153,417
Over 50 years	**1,454,277**	474,668	**234,003**	274,900
	2,146,626	628,085	**485,240**	428,317

As at 31 December 2014, completed properties held for sale of RMB1,987,329,000 (2013: Nil) are pledged as securities for long term bank borrowings (Note 23).

15. OTHER INVENTORIES — GROUP AND COMPANY

	Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Goods for resale	**55,941**	53,302	**29,510**	35,267
Consumables	**22,830**	24,684	**22,791**	11,985
Less: provision for inventories	**(244)**	(244)	**(244)**	(244)
	78,527	77,742	**52,057**	47,008

The cost of inventories recognised as expense and included in cost of sales amounted to RMB324,324,000 (2013: RMB357,868,000).

16. TRADE AND OTHER RECEIVABLES — GROUP AND COMPANY

	Group As at 31 December		Company As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade receivables	**72,588**	52,560	**66,400**	44,797
Less: provision for impairment of receivables	**(1,156)**	(107)	**(1,156)**	(107)
Trade receivables — net	**71,432**	52,453	**65,244**	44,690
Other receivables	**127,866**	604,374	**62,150**	587,982
Less: provision for impairment of receivables	**(14,723)**	(12,858)	**(14,723)**	(12,858)
Other receivables — net	**113,143**	591,516	**47,427**	575,124
Prepaid tax	**660,237**	365,459	**119,647**	105,144
Receivables due from a related party *(a) (Note 36(v))*	**277,500**	—	**277,500**	—
Other prepayments	**83,052**	102,152	**56,979**	63,338
Notes receivables	**—**	3,781	**—**	—
Interest receiables	**12,239**	1,428	**12,239**	1,428
	1,217,603	1,116,789	**579,036**	789,724
Less non-current portion:				
Receivables due from a related party	**(277,500)**	—	**(277,500)**	—
Current portion	**940,103**	1,116,789	**301,536**	789,724

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

(a) In September 2014, the Group provided project cooperation funds amounting RMB300,000,000 to WHMLNSRE. In September 2014, WHMLNSRE repaid RMB22,500,000 (Note (36)(iv)).

16. TRADE AND OTHER RECEIVABLES — GROUP AND COMPANY *(CONTINUED)*

Trade receivables

The majorities of the Group's and Company's sales are on cash or advance basis. The remaining amounts are with credit terms of 30 to 90 days. At 31 December 2014 and 2013, the ageing analysis of the trade receivables were as follows:

	Group As at 31 December		Company As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
0 – 30 days	**18,991**	25,789	**15,140**	22,126
31 – 90 days	**41,374**	5,277	**41,147**	6,183
Over 90 days	**12,223**	21,494	**10,113**	16,488
	72,588	52,560	**66,400**	44,797

The credit terms in connection with sales of properties granted to the customers are set out in the sale and purchase agreements and vary from agreements. There is no concentration of credit risk with respect to trade receivables as the Group and the Company have a large number of customers.

Trade receivables that are less than three months past due are not considered impaired. As at 31 December 2014 and 2013, the following trade receivables were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Group As at 31 December		Company As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade receivables past due but not impaired				
0 – 90 days	**23,985**	3,928	**23,985**	3,927
Over 90 days	**11,067**	21,404	**8,958**	16,398
	35,052	25,332	**32,943**	20,325

16. TRADE AND OTHER RECEIVABLES — GROUP AND COMPANY *(CONTINUED)*

Trade receivables *(Continued)*

As at 31 December 2014 and 2013, the following trade receivables were impaired. The individually impaired receivables mainly relate to independent customers, which are in unexpected difficult economic situations. It was assessed the following receivables is not expected to be recovered and full proportion of impairment had been made. The ageing of these receivables is as follows:

	Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade receivables impaired				
0 – 90 days	**—**	17	**—**	17
Over 90 days	**1,156**	90	**1,156**	90
Less: provision of impairment of receivables	**(1,156)**	(107)	**(1,156)**	(107)
	—	—	**—**	—

Other receivables

The Group does not have formal contractual credit terms agreed with the counterparties but the other receivables are usually settled within 12 months. As a result, the Group regards any receivable balance within a 12-month credit period as not overdue. At 31 December 2014 and 2013, the ageing analysis of the other receivables were as follows:

	Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
0 – 12 months	**99,733**	577,107	**40,740**	566,847
12 – 24 months	**7,189**	2,629	**826**	149
Over 24 months	**20,944**	24,638	**20,584**	20,986
	127,866	604,374	**62,150**	587,982

16. TRADE AND OTHER RECEIVABLES — GROUP AND COMPANY *(CONTINUED)*

Other receivables *(Continued)*

Other receivables that are less than 12 months past due are not considered impaired. As at 31 December 2014 and 2013, the following other receivables were past due but not impaired. These relate to a number of independent counterparties for whom there is no recent history of default. The ageing analysis of these other receivables is as follows:

	Group As at 31 December		Company As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Other receivables past due but not impaired				
12 – 24 months	**7,189**	2,629	**826**	149
Over 24 months	**6,221**	11,780	**5,861**	8,128
	13,410	14,409	**6,687**	8,277

As at 31 December 2014 and 2013, the following other receivables were impaired. The individually impaired receivables mainly relate to independent customers, which are in unexpected difficult economic situations. It was assessed the following receivables is not expected to be recovered and full proportion of impairment had been made. The ageing of these receivables is as follows:

	Group As at 31 December		Company As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Other receivables impaired				
Over 24 months	**14,723**	12,858	**14,723**	12,858
Less: provision of impairment of receivables	**(14,723)**	(12,858)	**(14,723)**	(12,858)
	—	—	**—**	—

There is no other receivables impaired with aging 12 to 24 months.

The carrying amounts of the Group's and the Company's trade and other receivables are denominated in Renminbi.

16. TRADE AND OTHER RECEIVABLES -GROUP AND COMPANY *(CONTINUED)*

Other receivables *(Continued)*

Movements on the provision for impairment of trade receivables are as follows:

	Group		Company	
	Year ended 31 December		Year ended 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**107**	90	**107**	90
Provision for impairment of receivables	**1,049**	17	**1,049**	17
At 31 December	**1,156**	107	**1,156**	107

Movements on the provision for impairment of other receivables are as follows:

	Group		Company	
	Year ended 31 December		Year ended 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**12,858**	12,858	**12,858**	12,858
Provision for impairment of receivables	**1,865**	—	**1,865**	—
At 31 December	**14,723**	12,858	**14,723**	12,858

The creation and release of provision for impaired receivables net amounting to RMB2,914,000 created (2013: RMB17,000 created) have been included in administrative expenses in the consolidated income statement (Note 25). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

17. RESTRICTED BANK DEPOSITS

Restricted bank deposits include the short-term liquid investments with original maturity of equal to or more than three months, the guarantee deposits of construction of certain properties pursuant to the relevant government requirements, property sale deposits under mutual management, and the guarantee deposits as securities for certain mortgage loans to customers.

18. CASH AND CASH EQUIVALENTS — GROUP AND COMPANY

Cash and cash equivalents include the following for the purposes of the consolidated cash flow statement:

	Group As at 31 December		Company As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash at bank and on hand	**2,278,090**	2,646,257	**812,050**	1,175,118
Short-term bank deposits*(a)*	**1,774,533**	550,000	**1,773,533**	550,000
	4,052,623	3,196,257	**2,585,583**	1,725,118
Maximum exposure to credit risk	**4,051,800**	3,195,378	**2,584,843**	1,724,309

(a) The deposits are repayable with seven days notice, without loss of interest earned. The effective interest rate on short-term bank deposits was 1.35% (2013: 1.35%) per annum.

The carrying amounts of cash and bank balances are denominated in the following currencies:

	Group As at 31 December		Company As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Renminbi	**4,046,280**	3,191,481	**2,579,240**	1,720,342
US dollar	**4,909**	3,349	**4,909**	3,349
HK dollar	**1,434**	1,427	**1,434**	1,427
	4,052,623	3,196,257	**2,585,583**	1,725,118

The Group's cash and cash equivalents denominated in Renminbi, HK dollar and US dollar are deposited with banks in the PRC. The conversion of these Renminbi denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

19. SHARE CAPITAL – COMPANY

	Company		
	As at 31 December 2013 RMB'000	Movement RMB'000	**As at 31 December 2014 RMB'000**
Registered, issued and fully paid *(a)*	3,367,020	—	**3,367,020**

Liquid shares, A Shares and H Shares rank pari passu in all respects.

(a) Pursuant to the document titled "Implementation Measure for Transfer of Part of the State-owned Shares in Domestic Securities Market to the National Social Security Fund (Cai Qi [2010] No.94) (《境內證券市場轉持部分國有股充實全國社會保障基金實施辦法》(財企(2010)94號)) and announcement No.63 of 2010 jointly issued by the Ministry of Finance of the People's Republic of China, the State-owned Assets Supervision and Administration Commission of the State Council, the China Securities Regulatory Commission and the National Council for Social Security Fund ("NCSSF"), a total of 150,000,000 shares in the Company held by BNSIGC should be transferred to NCSSF. As at 31 December 2014, the transfer is still in progress and relevant shares are subjected to sales restriction. Except for this, the lock-up period for remianing shares held by BNSIGC expired, and these shares were available for trading.

20. RESERVES AND RETAINED EARNINGS – GROUP AND COMPANY

Group

		Other reserves			
	Capital reserve RMB'000	Statutory reserve fund(a) RMB'000	Discretionary reserve fund(b) RMB'000	Subtotal RMB'000	Retained earnings RMB'000
At 1 January 2014	**3,421,115**	**648,681**	**161,468**	**4,231,264**	**7,817,843**
Profit for the year	**—**	**—**	**—**	**—**	**779,992**
2013 final dividends	**—**	**—**	**—**	**—**	**(202,021)**
Transfer from retained earnings	**—**	**30,704**	**—**	**30,704**	**(30,704)**
At 31 December 2014	**3,421,115**	**679,385**	**161,468**	**4,261,968**	**8,365,110**

		Other reserves			
	Capital reserve RMB'000	Statutory reserve fund(a) RMB'000	Discretionary reserve fund(b) RMB'000	Subtotal RMB'000	Retained earnings RMB'000
At 1 January 2013	3,420,976	613,800	161,468	4,196,244	7,255,210
Profit for the year	—	—	—	—	799,535
2012 final dividends	—	—	—	—	(202,021)
Acquisition of additional interests in a subsidiary from non-controlling interest	139	—	—	139	—
Transfer from retained earnings	—	34,881	—	34,881	(34,881)
At 31 December 2013	3,421,115	648,681	161,468	4,231,264	7,817,843

20. RESERVES AND RETAINED EARNINGS – GROUP AND COMPANY *(CONTINUED)*

Company

	Capital reserve	Other reserves: Statutory reserve fund*(a)*	Discretionary reserve fund*(b)*	Subtotal	Retained earnings
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2014	**3,490,025**	**588,341**	**163,663**	**4,242,029**	**6,577,000**
Profit for the year	—	—	—	—	551,355
2013 final dividends	—	—	—	—	(202,021)
Transfer from retained earnings	—	30,704	—	30,704	(30,704)
At 31 December 2014	**3,490,025**	**619,045**	**163,663**	**4,272,733**	**6,895,630**

	Capital reserve	Other reserves: Statutory reserve fund*(a)*	Discretionary reserve fund*(b)*	Subtotal	Retained earnings
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2013	3,490,025	553,460	163,663	4,207,148	4,427,962
Profit for the year	—	—	—	—	2,385,940
2012 final dividends	—	—	—	—	(202,021)
Transfer from retained earnings	—	34,881	—	34,881	(34,881)
At 31 December 2013	3,490,025	588,341	163,663	4,242,029	6,577,000

(a) According to the respective Articles of Association, the Company and its subsidiaries established in the PRC are required to transfer 10% of their profit after taxation, as shown in the financial statements prepared under China Accounting Standards for Business Enterprises ("CAS"), which was issued by the Ministry of Finance of PRC in February 2006, to their statutory reserve fund. The statutory reserve fund can be used to offset accumulated losses or convert as share capital of the Company and the respective subsidiaries.

(b) The proposed transfer to the discretionary reserve fund is subject to approval by the shareholders in general meeting. Its usage is similar to that of the statutory reserve fund. No transfer to the discretionary reserve fund has been proposed for the years ended 31 December 2014 and 2013.

21. TRADE AND OTHER PAYABLES — GROUP AND COMPANY

	Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Advances from customers *(Note a)*	**5,401,732**	4,919,312	**1,046,240**	1,204,833
Trade payables	**2,085,977**	1,108,619	**682,296**	653,572
Dividends payable to non-controlling interests of a subsidiary	**1,162**	1,162	**—**	—
Accrued construction costs	**857,810**	1,073,431	**490,495**	521,733
Amount due to BNSIGC *(b) (Note 36)*	**—**	5,163	**—**	—
Accrued interest	**65,383**	55,205	**63,919**	55,205
Amount due to subsidiaries *(c)*	**—**	—	**622,118**	607,368
Other payables	**1,309,804**	928,882	**680,887**	554,925
	9,721,868	8,091,774	**3,585,955**	3,597,636

(a) The balance mainly represents advances received from purchasers of the Group's properties to be delivered in future. The advances are unsecured and free of interest.

(b) Amount due to BNSIGC is unsecured, interest free, with no fixed terms of repayment.

(c) Amount due to subsidiaries is unsecured, interest free with no fixed terms of repayment.

At 31 December 2014 and 31 December 2013, the ageing analyses of the trade payables (including amounts of trading nature due to related parties) were as follows:

	Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
0 – 180 days	**639,137**	247,183	**418,656**	116,244
181 – 365 days	**991,793**	236,113	**10,942**	60,702
Over 365 days	**455,047**	625,323	**252,698**	476,626
	2,085,977	1,108,619	**682,296**	653,572

22. CURRENT INCOME TAX LIABILITIES – GROUP AND COMPANY

	Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Income tax payable	**193,829**	101,559	**45,743**	15,840
Land appreciation tax payable	**578,207**	328,064	**280,677**	282,322
	772,036	429,623	**326,420**	298,162

23. BORROWINGS – GROUP AND COMPANY

	Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Non-current				
Long term borrowings				
— Secured bank borrowings *(a)*	**7,813,500**	6,830,506	**7,813,500**	6,830,506
— Unsecured bank borrowings	**—**	800,000	**—**	800,000
— Other borrowings *(i)*	**5,650,000**	2,550,000	**4,600,000**	2,550,000
— 10 year bonds *(b)*	**1,496,474**	1,494,099	**1,496,474**	1,494,099
	14,959,974	11,674,605	**13,909,974**	11,674,605
Less: current portion of long term borrowings	**(1,309,750)**	(2,170,175)	**(1,309,750)**	(2,170,175)
	13,650,224	9,504,430	**12,600,224**	9,504,430
Current				
Short term bank borrowings				
— Unsecured short term borrowings	**1,150,000**	1,250,000	**1,150,000**	1,250,000
— Current portion of long term borrowings	**1,309,750**	2,170,175	**1,309,750**	2,170,175
	2,459,750	3,420,175	**2,459,750**	3,420,175
Total borrowings	**16,109,974**	12,924,605	**15,059,974**	12,924,605

23. BORROWINGS – GROUP AND COMPANY

(i) Other borrowings

	Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Loans from BNSIGC *(Note 36)*	**1,100,000**	1,200,000	**1,100,000**	1,200,000
Loan from other financial institutions *(c)*	**4,550,000**	1,350,000	**3,500,000**	1,350,000
	5,650,000	2,550,000	**4,600,000**	2,550,000

(a) As at 31 December 2014, long term bank borrowings of RMB7,813,500,000 (2013: RMB6,830,506,000) were obtained by the Group and secured by certain investment properties (Note 7) and hotel properties (Note 8), properties under development (Note 13) and completed properties held for sale (Note 14).

(b) On 29 May 2006, the Company issued bonds with an aggregate principal amount of RMB1,500,000,000 and a maturity period of 10 years ("10 year bonds"). The net proceeds were RMB1,478,980,000 (net of issuance costs of RMB21,020,000) and were raised as part of the consideration for the construction of National Convention Centre. The bond carries a fixed annual interest rate of 4.1%, the interest of which would be paid annually and the principal is fully repayable on 29 May 2016.

(c) Loans of RMB1,700,000,000, which were obtained by the Company, bear interest rate of 8.2% per annum, and are repayable after 60 months from the inception date of the loan, and are guaranteed by BNSIGC (Note 36) and secured by certain properties under development (Note 13).

Loans of RMB800,000,000, which were obtained by the Company, bear interest rate of 8.3% per annum, and are repayable after 48 months from the inception date of the loan, and are secured by certain properties under development (Note 13) and property, plan and equipment (Note 8).

Loans of RMB1,000,000,000, which were obtained by the Company, bear interest rate of 7.9% per annum, and are repayable after 36 months from the inception date of the loan, and are secured by certain investment properties (Note 7).

Loans of RMB400,000,000, which were obtained by a subsidiary, bear interest rate of 9.6% per annum, and are repayable after 24 months from the inception date of the loan, and are guaranteed by BNSIGC (Note 36) and secured by certain properties under development (Note 13).

Loans of RMB650,000,000, which were obtained by a subsidiary, bear interest rate of 11% per annum, and are repayable after 24 months from the inception date of the loan, and are secured by certain properties under development (Note 13).

23. BORROWINGS – GROUP AND COMPANY *(CONTINUED)*

(d) The Group's and Company's bank borrowings mature until 2029 and bonds mature until 2016. At 31 December 2014, the Group's borrowings were repayable as follows:

	Group					
	Bank borrowings As at 31 December		Other borrowings As at 31 December		Long term bonds As at 31 December	
	2014	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year	**2,058,750**	2,870,175	**401,000**	550,000	**—**	—
Between 1 and 2 years	**1,293,750**	872,417	**1,950,600**	1,000,000	**1,496,474**	—
Between 2 and 5 years	**3,046,250**	3,696,914	**3,298,400**	1,000,000	**—**	1,494,099
Over 5 years	**2,564,750**	1,441,000	**—**	—	**—**	—
	8,963,500	8,880,506	**5,650,000**	2,550,000	**1,496,474**	1,494,099

	Company					
	Bank borrowings As at 31 December		Other borrowings As at 31 December		Long term bonds As at 31 December	
	2014	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year	**2,058,750**	2,870,175	**401,000**	550,000	**—**	—
Between 1 and 2 years	**1,293,750**	872,417	**900,600**	1,000,000	**1,496,474**	—
Between 2 and 5 years	**3,046,250**	3,696,914	**3,298,400**	1,000,000	**—**	1,494,099
Over 5 years	**2,564,750**	1,441,000	**—**	—	**—**	—
	8,963,500	8,880,506	**4,600,000**	2,550,000	**1,496,474**	1,494,099

23. BORROWINGS – GROUP AND COMPANY *(CONTINUED)*

(e) The effective interest rates at the balance sheet date are as follows:

	Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Bank and other borrowings	**6.76%**	6.96%	**6.75%**	6.96%
10 year bonds	**4.28%**	4.28%	**4.28%**	4.28%

(f) The Group has the following undrawn borrowing facilities:

	Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At floating rates:				
— expiring between two and five years	**2,385,000**	1,881,244	**2,085,000**	1,881,244
— expiring over five years	**437,500**	—	**437,500**	—
	2,822,500	1,881,244	**2,522,500**	1,881,244

(g) The exposure of the Group's and the Company's borrowings to interest-rate changes and the contractual repricing dates or maturity whichever is the earliest date is as follows:

	Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
6 months or less	**8,732,500**	5,645,000	**7,682,500**	5,645,000
6-12 months	**5,881,000**	5,785,506	**5,881,000**	5,785,506
1-5 years	**1,496,474**	1,494,099	**1,496,474**	1,494,099
	16,109,974	12,924,605	**15,059,974**	12,924,605

23. BORROWINGS – GROUP AND COMPANY *(CONTINUED)*

(h) The carrying amounts and fair values of the long term borrowings are as follows:

	Group			
	Carrying amount As at 31 December		Fair value As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Non-current bank borrowings	**12,153,750**	8,010,331	**12,193,409**	8,010,331
10 year bonds	**1,496,474**	1,494,099	**1,496,276**	1,457,578
	13,650,224	9,504,430	**13,689,685**	9,467,909

	Company			
	Carrying amount As at 31 December		Fair value As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Non-current bank borrowings	**11,103,750**	8,010,331	**11,141,350**	8,010,331
10 year bonds	**1,496,474**	1,494,099	**1,496,276**	1,457,578
	12,600,224	9,504,430	**12,637,626**	9,467,909

The fair values of 10 years bonds are based on cash flows discounted using rates based on the borrowing rate of 6.00% (2013: 6.15%).

The carrying amounts of current bank borrowings approximate their fair values, as the impact of discounting is not significant.

(i) All borrowings are denominated in Renminbi.

24. DEFERRED INCOME TAX -GROUP AND COMPANY

The analysis of deferred income tax assets and deferred tax liabilities is as follows:

	Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Deferred tax assets:				
— To be recovered after more than 12 months	**35,556**	3,030	**390**	390
— To be recovered within 12 months	**137,376**	21,544	**88,222**	15,429
	172,932	24,574	**88,612**	15,819
Deferred tax liabilities:				
— To be settled after more than 12 months	**(1,697,714)**	(1,614,659)	**(1,637,618)**	(1,556,180)
Deferred tax liabilities (net)	**(1,524,782)**	(1,590,085)	**(1,549,006)**	(1,540,361)

The gross movements on the deferred income tax account are as follows:

	Group		Company	
	Year ended 31 December		Year ended 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January 2014	**(1,590,085)**	(1,528,348)	**(1,540,361)**	(860,824)
Recognised in the income statement *(Note 29)*	**65,303**	(61,737)	**(8,645)**	(679,537)
At 31 December 2014	**(1,524,782)**	(1,590,085)	**(1,549,006)**	(1,540,361)

24. DEFERRED INCOME TAX – GROUP AND COMPANY *(CONTINUED)*

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Group		
Deferred tax liabilities:	**Investment properties revaluation**	**Tax depreciation allowances**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2013	(1,169,988)	(399,671)	(1,569,659)
Credited in the income statement	(3,330)	(41,670)	(45,000)
At 31 December 2013	(1,173,318)	(441,341)	(1,614,659)
Credited in the income statement	(40,302)	(42,753)	(83,055)
At 31 December 2014	(1,213,620)	(484,094)	(1,697,714)

Deferred tax assets:	**Provisions**	**Deductible loss**	**Accrued expense and others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2013	3,306	17,316	20,689	41,311
Recognized/(credited) in the income statement	3	(12,913)	(3,827)	(16,737)
At 31 December 2013	3,309	4,403	16,862	24,574
Recognised in the income statement	725	4,274	143,359	148,358
At 31 December 2014	4,034	8,677	160,221	172,932

24. DEFERRED INCOME TAX – GROUP AND COMPANY *(CONTINUED)*

Deferred tax liabilities:	Company Investment properties revaluation *RMB'000*	Tax depreciation allowances *RMB'000*	Total *RMB'000*
At 1 January 2013	(522,151)	(354,985)	(877,136)
Recognised in the income statement	(637,469)	(41,575)	(679,044)
At 31 December 2013	(1,159,620)	(396,560)	(1,556,180)
Recognised in the income statement	(39,676)	(41,762)	(81,438)
At 31 December 2014	(1,199,296)	(438,322)	(1,637,618)

Deferred tax assets:	Provisions *RMB'000*	Company Accrued expense *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2013	3,306	12,616	390	16,312
Recognised/(credited) in the income statement	3	(496)	—	(493)
At 31 December 2013	3,309	12,120	390	15,819
Recognised in the income statement	725	72,068	—	72,793
At 31 December 2014	4,034	84,188	390	88,612

(a) Deferred income tax assets are recognised for tax losses carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognised deferred tax assets of RMB4,764,000 (2013: 324,500) in respect of losses amounting to RMB19,054,000 (2013: 1,298,000) that can be carried forward against future taxable income; these tax losses will expire in the period from 2015 to 2019 as follows:

Year ended 31 December 2015 *RMB'000*	2016 *RMB'000*	2017 *RMB'000*	2018 *RMB'000*	2019 *RMB'000*	Total *RMB'000*
66	474	152	3,397	14,965	19,054

25. EXPENSES BY NATURE

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

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Depreciation *(Note 8)*	**157,038**	153,443
Amortisation	**32**	32
Privision of impairment for receivables *(Note 16)*	**2,914**	17
Employee benefit expense *(Note 27)*	**622,240**	552,949
Advertising costs	**69,941**	45,323
Cost of properties sold		
— Land use rights	**955,869**	515,183
— Finance cost capitalised in cost of properties	**230,197**	105,082
— Development costs	**944,380**	1,098,743
Cost of goods for resale	**168,982**	206,396
Cost of consumables used	**155,342**	151,472
Business tax	**301,890**	258,217
Other taxation	**125,991**	122,176
Office and consumption expenses	**168,382**	185,205
Energy expenses	**129,024**	120,252
Consulting and service expenses	**178,373**	166,547
Repair and maintenance expenses	**146,169**	83,677
Operating leases	**26,476**	22,765
Auditor's remuneration	**7,500**	7,350
Others	**95,783**	72,660
Total cost of sales, selling and marketing expenses and administrative expenses	**4,486,523**	3,867,489

26. OTHER (LOSSES)/GAINS – NET

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Loss on disposal of property, plant and equipment	**(2,412)**	(2,446)
Gain on disposal of subsidiaries	**—**	15,651
Donation	**(950)**	(950)
Others	**(500)**	408
	(3,862)	12,663

27. EMPLOYEE BENEFIT EXPENSE

The employee benefit expense of the Group, including its directors' emoluments is as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Wages and salaries	**482,179**	403,961
Social security costs	**117,081**	120,567
Retirement benefit costs — defined contribution plans	**73,270**	70,745
	672,530	595,273
Less: capitalised in properties under development	**(50,290)**	(42,324)
	622,240	552,949

(a) Retirement benefit costs — defined contribution plans

The employees of the subsidiaries of the Group participate in various retirement benefit plans established by Beijing, Changsha and Hangzhou Municipal Labor and Social Insurance Bureau, respectively, under which the Group was required to make monthly defined contributions to these plans at 20% (2013: 20%) of the employees' basic salary for the year ended 31 December 2014.

Besides the above retirement benefits, the Group provides an additional defined contribution plan to its employees. Each year, participants make contributions to the plan equaling 4% of his/her compensation and the Group matchs the contribution.

There were no forfeited contributions during the year or available at 31 December 2014 (2013: Nil) to reduce future contributions.

Contribution totaling RMB11,004,000 (2013: RMB10,698,000) were payable to the funds at the year end.

27. EMPLOYEE BENEFIT EXPENSE *(CONTINUED)*

(b) Directors' emoluments

The remuneration of every director for the year ended 31 December 2014 is set out below:

Name of Director	Fees	Salary	Employer's contribution to retirement benefit scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. He Jiang Chuan	—	582	53	635
Ms. Zhao Hui Zhi	—	582	53	635
Mr. Li Chang Li	—	582	53	635
Mr. He Wen Yu	—	561	53	614
Mr.Zeng Jing	—	359	53	412
Mr. Liu Jian Ping	—	398	53	451
Mr. Liu Huan Bo	—	359	53	412
Mr. Long Tao	86	—	—	86
Mr. Huang Yi Zhong	86	—	—	86
Mr. Gan Pei Zhong	86	—	—	86
	258	3,423	371	4,052

The remuneration of every director for the year ended 31 December 2013 is set out below:

Name of Director	Fees	Salary	Employer's contribution to retirement benefit scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. He Jiang Chuan	—	680	49	729
Ms. Zhao Hui Zhi	—	680	49	729
Mr. Li Chang Li	—	672	49	721
Mr. He Wen Yu	—	623	49	672
Mr.Zeng Jing	—	884	49	933
Mr. Liu Jian Ping	—	592	49	641
Mr. Long Tao	86	—	—	86
Mr. Huang Yi Zhong	86	—	—	86
Mr. Gan Pei Zhong	86	—	—	86
	258	4,131	294	4,683

27. EMPLOYEE BENEFIT EXPENSE *(CONTINUED)*

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include nil (2013: five) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining five (2013: Nil) highest paid individuals during the year are as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Basic salaries and other allowances	**3,147**	—
Employer's contribution to retirement benefit scheme	**265**	—
	3,412	—

The emoluments fell within the following bands:

	Number of individuals Year ended 31 December	
	2014	2013
Emolument bands		
RMB nil — RMB788,870 (equivalent to HK$ Nil — HK$1,000,000)	**5**	—
Over RMB788,870 — RMB1,183,305 (equivalent to HK$1,000,000 — HK$1,500,000)	**—**	—

(d) During the year, no emolument was paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. No directors waived or agreed to waive any emoluments during the year.

28. FINANCE INCOME AND COSTS

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Interest expense:		
— bank borrowings wholly repayable within five years	**(507,051)**	(451,422)
— other borrowings wholly repayable within five years	**(281,248)**	(185,615)
— bank borrowings wholly repayable over five years	**(113,393)**	(58,755)
— bond wholly repayable within five years	**(63,875)**	(144,640)
	(965,567)	(840,432)
Less: amounts capitalised in properties under development at a capitalisation rate of 7.07% (2013: of 6.92%) per annum	**599,266**	511,813
Finance costs	**(366,301)**	(328,619)
Bank charges and others	**(10,466)**	(12,148)
Finance income — Interest income	**42,362**	36,886
Net finance costs	**(334,405)**	(303,881)

29. INCOME TAX EXPENSES

The Group is subject to the PRC income tax according to the relevant laws and regulations in the PRC at the rate of 25% (2013: 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	
	2014	2013
	RMB'000	*RMB'000*
Current income tax		
— PRC enterprise income tax	**354,440**	218,276
— PRC land appreciation tax	**443,876**	243,211
Deferred income tax *(Note 24)*	**(65,303)**	61,737
	733,013	523,224

29. 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	
	2014	2013
	RMB'000	*RMB'000*
Profit before income tax	**1,569,370**	1,355,309
Add: share of loss of investments accounted for using the equity method *(Note 10)*	**669**	712
	1,570,039	1,356,021
Tax calculated at the statutory tax rate of 25% (2013: 25%)	**392,510**	339,005
Expenses not deductible for tax purposes	**3,138**	1,719
Tax losses not recognized	**3,741**	133
Utilisation of previous unrecognised tax losses	**—**	(41)
Effect of higher tax rate for the appreciation of land in the PRC	**332,907**	182,408
Reversal of deferred tax which could not be realised	**717**	—
Income tax expenses	**733,013**	523,224

30. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

In accordance with the articles of association of the Company, the profit available for appropriation by the Company for the purpose of dividend payments is based on the lesser of the net profit of the Company determined in accordance with the CAS; and the net profit detemined in accordance with HKFRS.

On this basis, the amount of profits available for appropriation for the year was RMB302,909,000 (2013: 348,807,000), being the amount of profit attributable to equity holders of the Company as disclosed in the financial statements prepared under CAS.

31. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the number of shares in issue during the year.

Diluted earnings per share is equal to the basic earnings per share since the Company has no potential dilutive ordinary shares during the years ended 31 December 2014 and 2013.

	Year ended 31 December	
	2014	2013
Profit attributable to equity holders of the Company *(RMB'000)*	**779,992**	799,535
Number of ordinary shares in issue *(thousands)*	**3,367,020**	3,367,020
Earnings per share (basic and diluted) *(RMB cents per share)*	**23.17 cents**	23.75 cents

32. DIVIDEND

The dividends paid for the years ended 31 December 2014 and 2013 were RMB202,021,000 and RMB202,021,000 respectively. Proposed dividends of 2014 and 2013 were as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
2014 proposed RMB0.06 per share final dividend (2013: RMB0.06 per share)	**202,021**	202,021

33. CASH (USED IN)/GENERATED FROM OPERATIONS

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Profit before income tax	**1,569,370**	1,355,309
Adjustments for:		
— Provision of impairment for receivables *(Note 16)*	**2,914**	17
— Depreciation *(Note 8)*	**157,038**	153,443
— Amortisation	**32**	32
— Fair value gain on investment properties *(Note 7)*	**(161,206)**	(9,737)
— loss on disposal of property, plant and equipment *(a)*	**2,412**	2,446
— Gain on disposal of subsidiaries	**—**	(15,651)
— Interest income *(Note 28)*	**(42,362)**	(36,886)
— Interest expense *(Note 28)*	**366,301**	328,619
— Share of loss of investments accounted for using the equity method *(Note 10)*	**669**	712
Operating profit before working capital changes	**1,895,168**	1,778,304
Changes in working capital:		
— (Increase)/decrease in restricted bank deposits	**(22,543)**	41,418
— (Increase)/decrease in inventories	**(785)**	21,669
— Increase in properties under development and completed properties held for sale,net	**(3,427,098)**	(1,163,365)
— (Increase)/decrease in trade and other receivables	**(193,399)**	14,949
— Decrease in long term payables	**(749)**	(810)
— Increase in trade and other payables	**1,091,348**	867,585
Cash (used in)/generated from operations	**(658,058)**	1,559,750

(a) In the cash flow statement, proceeds from sale of property, plant and equipment and investment properties comprise:

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Net book value	**2,958**	3,314
Loss on disposal of property, plant and equipment *(Note 26)*	**(2,412)**	(2,446)
Proceeds from disposal of property, plant and equipment	**546**	868

34. Contingencies

(a) Financial guarantees

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. The outstanding guarantees amounted to RMB2,479,591,000 as at 31 December 2014 (2013: RMB2,234,703,000).

Such guarantees terminate upon (i) the issuance of the real estate ownership certificate which will generally be available within six months to two years after the Group delivers possession of the relevant property to its purchasers; (ii) the completion of the mortgage registration; and (iii) the issuance of the real estate miscellaneous right certificate relating to the relevant property.

(b) Pending arbitration

On 20 April 2005, the Company's prior wholly-owned subsidiary, Beijing North Star Convention Centre Development Co., Limited ("BNSCCD"), signed the general construction contract for National Convention Centre Project located in Beijing Olympic Park, section B with Beijing Construction Engineering Group Company Limited ("BCEGC"). The construction of the project was completed on 30 October 2009. Subsequent to the completion, dispute arose between BNSCCD and BCEGC regarding the final settlement amount of the project. In November 2011, the Company proposed the merger of BNSCCD and the cancellation of BNSCCD as an independent legal person. In December 2013, upon the approval of Beijing Industry and Commerce Bureau, relevant procedures for cancellation of BNSCCD were completed. After the merger, all of BNSCCD's assets, liabilities and other obligations and responsibilities thereunder were assumed by the Company.

In July 2014, BCEGC submitted an application to the Beijing Arbitration Commission, and required the company to pay for the remaining construction cost, late payment interests and related attorney's fees totaling RMB 176,201,296. Currently, the arbitration case is still in hearing.

35. COMMITMENTS

(a) Capital commitments in respect of development costs attributable to investment property and property, plant and equipment:

	Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Investment property and property, plant and equipment				
Contracted but not provided for	—	34,185	—	34,185
Authorised but not contracted for	—	16,227	—	16,227
	—	50,412	—	50,412

35. COMMITMENTS *(CONTINUED)*

(b) Commitments in respect of development costs attributable to properties under development:

	Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Properties under development				
Contracted but not provided for	**2,858,006**	2,845,963	**266,068**	417,129
Authorised but not contracted for	**7,396,337**	9,101,562	**394,046**	434,348
	10,254,343	11,947,525	**660,114**	851,477

(c) At 31 December 2014 and 31 December 2013, the Group had future aggregate minimum rental receivables and payables under non-cancellable operating leases as leasor and lease respectively as follows:

	Group		Company	
	As at 31 December		As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
As leasor:				
Rental receivables in respect of investment properties				
Not later than one year	**580,274**	609,721	**576,726**	603,656
Later than one year and not later than five years	**537,330**	672,775	**536,186**	668,083
Later than five years	**418,369**	461,453	**418,369**	461,453
	1,535,973	1,743,949	**1,531,281**	1,733,192
As leasee:				
Rental payables in respect of land use rights and buildings				
Not later than one year	**18,994**	16,139	**14,259**	14,259
Later than one year and not later than five years	**69,042**	58,916	**57,036**	57,036
Later than five years	**256,664**	270,923	**256,664**	270,923
	344,700	345,978	**327,959**	342,218

36. RELATED PARTY TRANSACTIONS

The Group is controlled by BNSIGC, which owns 34.48% of the Company's shares. The remaining 65.52% of the shares are held by the public.

BNSIGC itself is a state-owned enterprise controlled by the PRC government. For the year 2014 and 2013, the Group's significant transactions with entities that are controlled, jointly controlled or significantly influenced by the PRC government mainly include most of its bank borrowings and part of purchases of goods and services. The price and other terms of such transactions are settled in the fair value.

For the purpose of related party transaction disclosures, the Group has in place procedures to assist the identification of the immediate ownership structure of its customers and suppliers as to whether they are state-owned enterprises. Many state-owned enterprises have multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatisation programmes. Due to the pervasiveness of the Group's retail transactions with the entities' employees on corporate business, their key management personnel and close family members, and other related parties, there is no feasible way to track such transactions and ensure the completeness of certain disclosures. Nevertheless, management believes that meaningful information relative to related party transactions has been disclosed.

In addition to the above-mentioned transactions with the government related entities and the related party information shown elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the year and balances arising from related party transactions at the end of the year indicated below:

(i) Principal services provided by the Group to Kingpower:

	Group	
	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Rental	**24,658**	20,088

36. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(ii) Purchases of goods and acceptance of services

	Group Year ended 31 December 2014 *RMB'000*	 2013 *RMB'000*
BNSIGC (operating lease payment in respect of land)	**15,010**	14,259
BNSIGC (office lease acceptance)	**900**	900
BNSIGC (brand royalty fee)	**10**	10
Beijing North Star Kingpower Co., Ltd ("Kingpower") (purchase of asset)	**—**	49,058
	15,920	64,227

Purchases of services and goods are carried out in accordance with the terms as mutually agreed between the parties.

(iii) Loans from BNSIGC

	Group As at 31 December		Company As at 31 December	
	2014 *RMB'000*	2013 *RMB'000*	**2014** *RMB'000*	2013 *RMB'000*
At 1 January	**1,202,278**	1,001,963	**1,202,278**	1,001,963
Proceeds from loans	**700,000**	1,000,000	**700,000**	1,000,000
Repayments of loans	**(800,000)**	(800,000)	**(800,000)**	(800,000)
Interest accrued	**85,221**	72,465	**85,221**	72,465
Interest paid	**(85,432)**	(72,150)	**(85,432)**	(72,150)
At 31 December	**1,102,067**	1,202,278	**1,102,067**	1,202,278

As at 31 December 2014, the Group obtained unsecured borrowings from BNSIGC, including: RMB150,000,000 with the borrowing period from 29 May 2013 to 29 May 2015 and the interest rate is fixed rate 6.15%; RMB200,000,000 from 30 August 2013 to 30 August 2015 and the interest rate is fixed rate 6.15%; RMB50,000,000 from 26 December 2013 to 25 December 2015 and interest rate similar to national benchmark interest rate; RMB300,000,000 from 4 April 2014 to 1 Aprl 2016 and interest rate is fixed rate 6.15%; RMB150,000,000 from 10 June 2014 to 9 June 2016 and interest rate similar to national benchmark interest rate; RMB50,000,000 from 25 July 2014 to 24 July 2016 and interest rate similar to national benchmark interest rate; RMB200,000,000 from 15 August 2014 to 14 August 2016 and interest rate similar to national benchmark interest rate.

36. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(iv) Project cooperation funds to WHMLNSRE

	Group As at 31 December		Company As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**—**	—	**—**	—
Project cooperation funds granted	**300,000**	—	**300,000**	—
Repayments of project cooperation funds	**(22,500)**	—	**(22,500)**	—
Interest income accrued	**12,239**	—	**12,239**	—
Interest income received	**—**	—	**—**	—
At 31 December	**289,739**	—	**289,739**	—

(v) Balances arising from sales/purchases of goods, services, investment and entrusted loans

	Group As at 31 December		Company As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade and other receivables from related parties				
BNSIGC	**—**	5,141	**—**	—
WHMLNSRE	**277,500**	—	**277,500**	—
	277,500	5,141	**277,500**	—
Trade and other payables to related parties				
BNSIGC	**—**	5,163	**—**	—
Enrust loans from related parties				
BNSIGC	**1,100,000**	1,200,000	**1,100,000**	1,200,000
Interest payable of enrust loans from related parties				
BNSIGC	**2,067**	2,278	**2,067**	2,278
Interest receivables of project cooperation funds to a related party				
WHMLNSRE	**12,239**	—	**12,239**	—

36. RELATED-PARTY TRANSACTIONS *(CONTINUED)*

(v) Balances arising from sales/purchases of goods, services, investment and enrust loans *(Continued)*

Except for the project cooperation funds to a related party, the amount receivables and payables are unsecured, interest free and have no fixed terms of repayment.

At 31 December 2014, there were no provisions for impairment of receivables from related parties (2013: Nil) and there were no provisions for impairment of receivables from related parties charged to income statement for the year ended 31 December 2014 (2013: Nil).

(vi) Remuneration to key management

	Group	
	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Salaries and other short-term employee benefits	**11,859**	13,444
Post-employment benefit	**1,322**	1,172
	13,181	14,616

(vii) Acceptance of financial guarantee

Pursuant to an agreement signed by BNSIGC, BNSIGC provides joint liability counter-guarantee for the loans from Kunlun Trust Limited Liability Company.

Pursuant to an agreement signed by BNSIGC, BNSIGC provides joint liability counter-guarantee for the loans form Taikang Life Insurance Asset Management Limited Liability Company.

37. EVENTS AFTER THE BALANCE SHEET DATE

On 22 January 2015, the Company issued coporate bond amounting to RMB2,500,000,000. Among which, RMB1,050,000,000 has a term of 5 years, carries a coupon rate of 4.8% and also embedded a put option at the end of the third year. The remaining RMB1,450,000,000 has a term of 7 years, carries an interest rate of 5.2% and also embedded a put option at the end of the fifth year.

On 30 October 2014, the Company agreed to transfer to Shanghai Tianrong Trading Company (上海天榮商貿有限公司) 36% shareholding in Kingpower held by it, and the said equity transfer has been handled as at 28 February 2015.

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the year ended 31 December 2014 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 equity holders of the Company for the year ended 31 December		Capital and reserves attributable to the equity holders of the Company as at 31 December	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
As stated in accordance with CAS	**530,825**	664,535	**10,900,954**	10,572,150
Impact of HKFRS adjustments				
1. Reversal of depreciation of investment properties under CAS	**125,575**	125,011	**1,122,973**	997,398
2. Fair value adjustment of investment properties under HKFRS	**120,906**	7,303	**3,976,234**	3,855,328
3. Difference on revaluation of certain assets upon the reorganisation in 1997	**2,686**	2,686	**(6,063)**	(8,749)
As stated in accordance with HKFRS	**779,992**	799,535	**15,994,098**	15,416,127

Properties Profile

DEVELOPMENT PROPERTIES

Properties for sales

Name	Location	Gross floor area of unsold portion *(sq. m.)*	Type of property	Interest attributable to the Group
1 Green Garden in Beichen Bei Yuan Residential Estate	Wa Li Xiang, Chao Yang District, Beijing	28,700	Residential, commercial (completed)	100%
2 Beichen • Xianglu (Hot Spring Project)	Wen Quan Town, Hai Dian District, Beijing	100,700	Residential (completed)	100%
3 Jiang Zhuang Hu Garden Villas (Bihai Fangzhou)	No. 88 Jiang Zhuang, Chao Yang District, Beijing	1,500	Villa, apartment (completed)	50.5%
4 Beichen • Fudi (Chang Ying Project)	Chang Ying Xiang, Chao Yang District, Beijing	34,200	Residential, commercial (completed)	100%

Properties under development

Name	Location	Gross floor area of unsold portion *(sq. m.)*	Type of property	Interest attributable to the Group
1 North Star Red Oak Villa (Changhe Yushu Garden Villas Project)	Xiao Tang Shang Town, Chang Ping District, Beijing	166,700	Residential (under construction)	99.1%
2 Shunyi Mapo Project	Mapo Town, Shunyi District, Beijing	213,300	Residential (under construction)	100%
3 Changsha North Star Delta	Kaifu District, Changsha, Hunan Province	4,274,100	Residential, commercial office and hotel (under construction)	100%
4 North Star Central Park	Tianxin District, Changsha, Hunan Province	887,200	Residential (under construction)	51%
5 Beichen Modern Wuhan Guanggu Project	Donghu New District, Wuchang, Wuhan, Hubei Province	325,000	Residential (newly-added land reserve in 2014, not commenced construction)	45%
6 Hangzhou Beichen Zhiguang Project	Xiaoshan District, Hangzhou, Zhejiang Province	315,000	Residential (newly-added land reserve in 2014, not commenced construction)	70%
7 Modern Beichen Yue MOMA	Qianjin New Village, Shunyi District, Beijing	131,000	Self-occupied housing, housing properties with restrictions on size and selling prices, apartment, commercial and ancillary (newly-added land reserve in 2014, not commenced construction)	50%

INVESTMENT PROPERTIES AND HOTELS *(NOTE 1)*

Name	Location	Gross floor area *(sq. m.)*	Type of property	Interest attributable to the Group
1 Beijing Continental Grand Hotel	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	42,613	Hotel	100%
2 V-Continent Beijing Parkview Wuzhou	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	56,953	Hotel	100%
3 InterContinental Changsha	Kaifu District, Changsha, Hunan Province	73,698	Hotel	100%
4 Beijing International Convention Centre	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	61,867	Convention, exhibition	100%
5 Hui Yuan Apartment	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	184,811	Apartment	100%
6 Hui Bin Offices	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	37,795	Office	100%
7 Hui Zhen Building Property	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	6,299	Office	100%
8 Hui Xin Offices	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	47,515	Office	100%
9 North Star Times Tower	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	131,229	Office, commercial premise for lease	100%
10 Beijing Olympic Park National Convention Centre and ancillary Area B No. 19, 20, 21, 22 Project	Bei Chen Zhong Road, Chao Yang District, Beijing	533,991	Convention, exhibition, hotel and office	100%

PROPERTIES WITH ANCILLARY FACILITIES *(NOTE 1)*

1 Beichen Shopping Centre	No. 8 An Wai An Li Road, Beijing	30,463	Shopping centre	100%
2 Beichen Shopping Centre (Beiyuan Store (北苑店))	A13 Beiyuan Road, Beijing	65,000	Shopping centre	100%

Note:

1. The above-mentioned investment properties and hotels items 1-2 and 4-7 and properties with ancillary facilities of the Group are all located within the Asian Games Village at Andingmen (安定門), Chao Yang District, Beijing. The properties are erected on land leased from BNSIGC for a rental of RMB15,010,211 for 2014 (rentals for future years subject to adjustment). Terms of the leases range from 40 years to 70 years, depending on uses of different parts of the land.

Directors' Proposal on the Appropriation of Profit for the Year of 2014

In accordance with the pertinent regulations and based on the actual situation of the Company, the Board of Beijing North Star Company Limited, at a meeting held on 18 March 2015, proposed that the appropriation of profit of the Company for the year of 2014 be as follows:

I. The appropriation of profits after taxation shall be: 10% for Statutory Reserve Fund, 0% for Discretionary Reserve Fund and 90% for profit available for distribution.

II. A final dividend of RMB0.06 per share in cash (Note) is proposed to be paid to the shareholders whose names appear on the register of shareholders on Tuesday, 9 June 2015. If the proposal is approved by the shareholders at the 2014 annual general meeting, the final dividend is expected to be paid on or before Monday, 27 July 2015. Further announcement will be made as to the exact form of payment.

III. This proposal is subject to the approval by the shareholders at the 2014 annual general meeting.

Beijing North Star Company Limited

Note:

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 obliged 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 the non-individual shareholders, including HKSCC Nominees Limited, other nominees, trustees or other organizations and groups will be treated as being held by non-resident enterprise shareholders and therefore their dividends entitled will be subject to the withholding of the corporate income tax.

Corporate Information

Legal name of the Company:	北京北辰實業股份有限公司
English name of the Company:	Beijing North Star Company Limited
Registered address of the Company:	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing, the PRC
Place of business of the Company:	Room 707, Tower A, Hui Xin Building, No. 8 Bei Chen Dong Road, Chao Yang District, Beijing, the PRC
Legal representative of the Company:	HE Jiang-Chuan
Company secretaries:	GUO Chuan LEE Ka Sze, Carmelo
Person-in-charge on information disclosure:	GUO Chuan
Enquiry unit for Company information disclosure:	Secretariat of the Board

COMPANY INFORMATION ENQUIRY

Address:	Room 707, Tower A, Hui Xin Building, No. 8 Bei Chen Dong Road, Chao Yang District, Beijing, the PRC
Postal code:	100101
Telephone:	(8610) 6499 1277
Fax:	(8610) 6499 1352
Website:	www.beijingns.com.cn

REGISTRATION

Date and place of first registration:	2 April 1997, Beijing, the PRC
Organisation Code:	63379193-0
Registration number with the Taxation Bureau:	110105633791930

Corporate Information (Continued)

AUDITORS

PRC auditor:	PricewaterhouseCoopers Zhong Tian LLP
Address:	11th Floor, PricewaterhouseCoopers Center, 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai, the PRC
Postal code:	200021
Telephone:	(8621) 2323 8888
Fax:	(8621) 2323 8800
International auditor:	PricewaterhouseCoopers
Address:	22/F, Prince's Building, Central, Hong Kong
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LEGAL ADVISERS

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Hong Kong lawyer:	Woo, Kwan, Lee & Lo
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