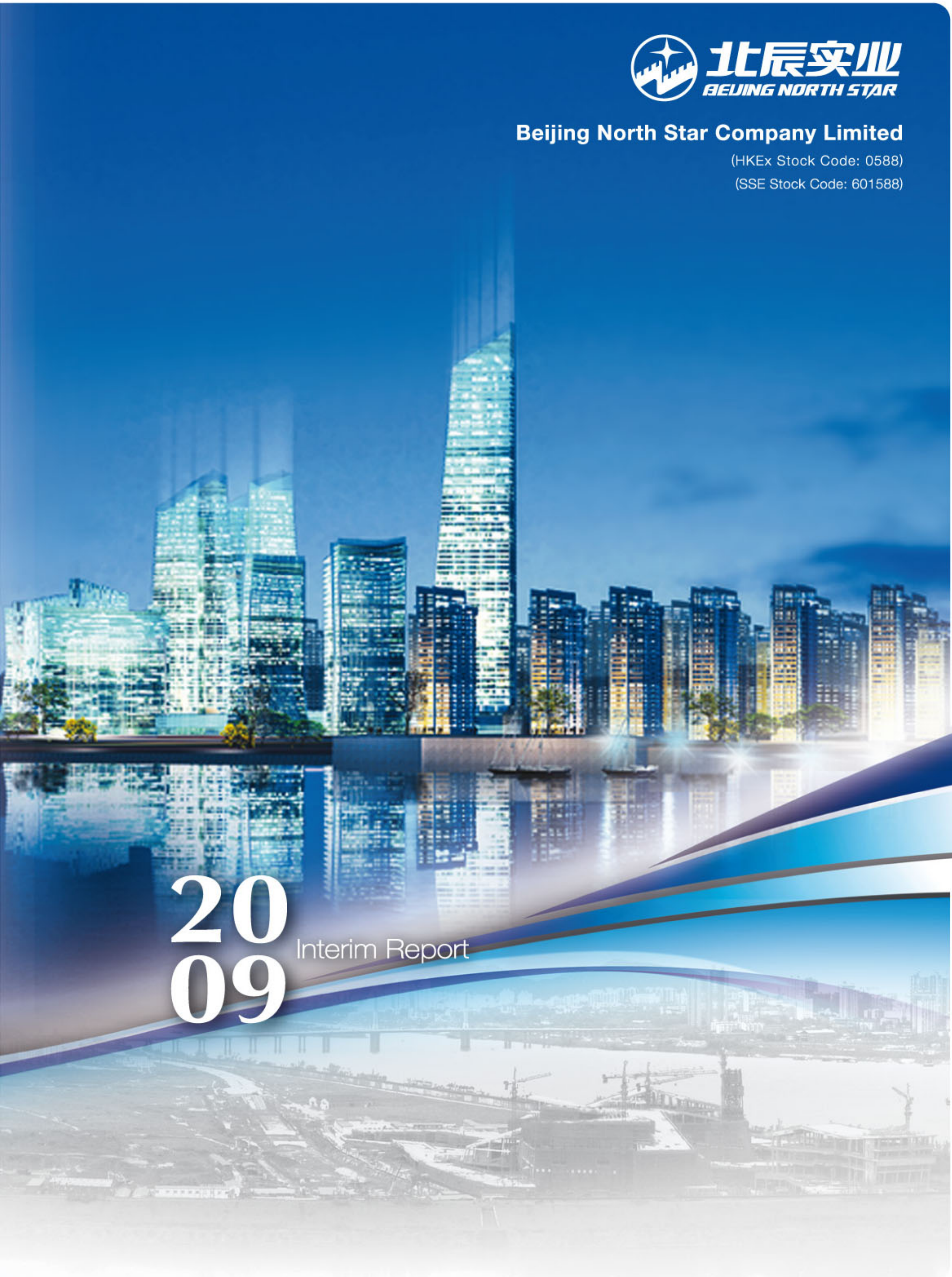
Beijing North Star Company Limited

(HKEx Stock Code: 0588)

(SSE Stock Code: 601588)



2009 Interim Report

INTERIM REPORT

For the six months ended 30 June 2009

- A turnover of RMB3,085,442,000, representing an increase of 111% over the corresponding period of the previous year
- Operating profit was RMB1,386,195,000, representing an increase of 259% over the corresponding period of the previous year
- Profit attributable to equity holders of the Company was RMB786,830,000, representing an increase of 425% over the corresponding period of the previous year
- Earnings per share was RMB0.23, earnings per share in the same period last year was RMB0.04
- The Board resolved that no interim dividend would be declared in respect of the six months ended 30 June 2009 (six months ended 30 June 2008: nil)

Condensed Consolidated Interim Balance Sheet

	Note	Unaudited 30 June 2009 *RMB'000*	Audited 31 December 2008 *RMB'000*
ASSETS			
Non-current assets			
Land use rights	5	**1,155**	1,171
Investment properties	5	**7,571,200**	4,382,600
Property, plant and equipment	5	**1,927,019**	4,393,911
Interest in a jointly controlled entity		**18,897**	21,066
Deferred income tax assets		**21,302**	20,329
		9,539,573	8,819,077
Current assets			
Properties under development		**11,474,828**	10,881,626
Completed properties held for sale		**1,373,213**	2,797,453
Inventories		**105,648**	111,495
Trade and other receivables	7	**580,417**	489,719
Restricted bank deposits		**70,246**	83,085
Cash and cash equivalents		**6,076,396**	4,898,455
		19,680,748	19,261,833
Assets held for sale		**43,604**	55,888
		19,724,352	19,317,721
Total assets		**29,263,925**	28,136,798
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	8	**3,367,020**	3,367,020
Other reserves		**3,998,634**	4,001,217
Retained earnings			
— Proposed final dividend		**—**	101,011
— Others		**3,701,866**	2,915,036
		11,067,520	10,384,284
Minority interest		**198,736**	227,104
Total equity		**11,266,256**	10,611,388

Condensed Consolidated Interim Balance Sheet

	Note	Unaudited 30 June 2009 RMB'000	Audited 31 December 2008 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings and loans	10	7,806,490	7,592,812
Deferred income tax liabilities		809,357	712,915
Deferred income		2,550	2,550
		8,618,397	8,308,277
Current liabilities			
Trade and other payables	9	5,594,626	6,898,506
Current income tax liabilities		489,551	417,984
Borrowings and loans	10	3,250,000	1,850,000
		9,334,177	9,166,490
Liabilities held for sale		45,095	50,643
		9,379,272	9,217,133
Total liabilities		17,997,669	17,525,410
Total equity and liabilities		29,263,925	28,136,798
Net current assets		10,345,080	10,100,588
Total assets less current liabilities		19,884,653	18,919,665

The notes on pages 8 to 26 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Income Statement

	Note	Unaudited Six months ended 30 June 2009 *RMB'000*	 2008 *RMB'000* (Restated)
Continuing operations			
Revenues	4	3,085,442	1,462,264
Cost of sales		(1,820,579)	(821,517)
Gross profit		1,264,863	640,747
Selling and marketing expenses		(69,817)	(59,780)
Administrative expenses		(142,706)	(196,412)
Other gains — net		333,855	1,230
Operating profit		1,386,195	385,785
Finance income		19,956	9,309
Finance costs		(95,319)	(5,679)
Share of loss of a jointly controlled entity	4	(2,169)	—
Profit before income tax	4	1,308,663	389,415
Income tax expense	12	(464,770)	(119,475)
Profit from continuing operations		843,893	269,940
Discontinued operations			
Profit/(loss) from discontinued operations		591	(4,888)
Profit for the period		844,484	265,052
Profit attributable to:			
— equity holders of the Company		786,830	149,747
— minority interest		57,654	115,305
		844,484	265,052
		Cents per share	Cents per share
Earnings per share for profit attributable to the equity holders of the Company			
— basic and diluted	13	23.37	4.45
Earnings per share for profit from continuing operations attributable to the equity holders of the Company			
— basic and diluted	13	23.35	4.60
Dividend	14	—	—

The notes on pages 8 to 26 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Comprehensive Income

	Unaudited Six months ended 30 June 2009 *RMB'000*	 2008 *RMB'000*
Profit for the period	844,484	265,052
Other comprehensive income	—	—
Total comprehensive income for the period	844,484	265,052
Total comprehensive income attributable to:		
— equity holders of the Company	786,830	149,747
— minority interest	57,654	115,305
	844,484	265,052

The notes on pages 8 to 26 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Changes in Equity

	Note	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Minority interest RMB'000	Total equity RMB'000
		Unaudited					
		Attributable to equity holders of the Company					
Balance at 1 January 2008 as previously reported		3,367,020	3,964,510	1,896,355	9,227,885	250,516	9,478,401
Reversal of amortisation of land use rights		—	—	85,862	85,862	10,952	96,814
Balance at 1 January 2008 as restated		3,367,020	3,964,510	1,982,217	9,313,747	261,468	9,575,215
Profit for the period		—	—	149,747	149,747	115,305	265,052
Other comprehensive income		—	—	—	—	—	—
Total comprehensive income for the period ended 30 June 2008		—	—	149,747	149,747	115,305	265,052
Dividends relating to 2007 paid in the period ended 30 June 2008		—	—	(101,011)	(101,011)	(64,951)	(165,962)
Acquisition of additional interests in a subsidiary from minority shareholders		—	6,346	—	6,346	(54,603)	(48,257)
Balance at 30 June 2008		3,367,020	3,970,856	2,030,953	9,368,829	257,219	9,626,048
Balance at 1 January 2009		3,367,020	4,001,217	3,016,047	10,384,284	227,104	10,611,388
Profit for the period		—	—	786,830	786,830	57,654	844,484
Other comprehensive income		—	—	—	—	—	—
Total comprehensive income for the period ended 30 June 2009		—	—	786,830	786,830	57,654	844,484
Dividends relating to 2008 paid in the period ended 30 June 2009		—	—	(101,011)	(101,011)	(88,605)	(189,616)
Acquisition of additional interests in a subsidiary through additional capital injection	6	—	(2,583)	—	(2,583)	2,583	—
Balance at 30 June 2009		3,367,020	3,998,634	3,701,866	11,067,520	198,736	11,266,256

The notes on pages 8 to 26 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Cash Flow Statement

	Unaudited Six months ended 30 June 2009 RMB'000	2008 RMB'000 (Restated)
Cash flows from operating activities		
Continuing operations	196,024	576,836
Discontinued operations	(3,920)	(22,518)
Cash flows from operating activities — net	192,104	554,318
Cash flows from investing activities		
Continuing operations	(438,468)	(748,865)
Discontinued operations	(141)	—
Cash flows from investing activities — net	(438,609)	(748,865)
Cash flows from financing activities		
Continuing operations	1,420,385	1,459,506
Discontinued operations	—	—
Cash flows from financing activities — net	1,420,385	1,459,506
Net increase in cash and cash equivalents	1,173,880	1,264,959
Cash and cash equivalents at start of period	4,928,303	2,255,546
Cash and cash equivalents at end of period	6,102,183	3,520,505
Included in cash and cash equivalents per the condensed consolidated interim balance sheet	6,076,396	3,513,175
Included in assets held for sale	25,787	7,330
	6,102,183	3,520,505

The notes on pages 8 to 26 form an integral part of this condensed consolidated interim financial information.

Notes to the Unaudited Condensed Consolidated Interim Financial Information

1. GENERAL INFORMATION

Beijing North Star Company Limited (the "Company") is a joint stock limited company established in the People's Republic of China (the "PRC") with limited liability on 2 April 1997 as part of the reorganisation (the "Reorganisation") of a state-owned enterprise known as Beijing North Star Industrial Group 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 the shares were listed on the Shanghai Stock Exchange on 16 October 2006. Since then, the Company's shares were 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".

This condensed consolidated interim financial information is presented in Renminbi, unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 19 August 2009.

This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2009 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

- HKAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

  Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

  The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

- HKFRS 8, 'Operating segments'. HKFRS 8 replaces HKAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

  Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the board of directors that makes strategic decisions.

  The Group applies HKFRS 8 retrospectively and the comparative figures have been restated accordingly.

- Amendment to HKFRS 7, 'Financial instruments: disclosures'. The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It also requires a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. The Group will make additional relevant disclosures in its financial statements ending 31 December 2009.

- Amendment to HKAS 40, 'Investment property'. Property that is under construction or development for future use as investment property is within the scope of HKAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable.

  The Group has applied the HKAS 40 (Amendment) prospectively from 1 January 2009 by transferring the investment property under construction previously classified under property, plant and equipment to investment property on 1 January 2009 and measured such investment properties at fair value as at 30 June 2009. Accordingly, the adoption of the new policy has no effect on prior years. The effect on the current period is to increase the balance of investment properties at the end of the period by RMB3,194,000,000; decrease property, plant and equipment at the end of the period by RMB2,852,000,000; increase deferred income tax liabilities at the end of the period by RMB85,500,000; increase other gain by RMB342,000,000; and increase income tax expense by RMB85,500,000.

3. ACCOUNTING POLICIES *(CONTINUED)*

- HKAS 23 (Revised), 'Borrowing costs', effective from 1 January 2009. The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. Since the Group currently applies a policy of capitalising borrowing costs, it does not have any material impact on the Group's financial statements.

- HKAS 23 (Amendment), 'Borrowing costs', effective from 1 January 2009. The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in HKAS 39 'Financial instruments: Recognition and measurement'. This eliminates the inconsistency of terms between HKAS 39 and HKAS 23. The Group applies the HKAS 23 (Amendment) prospectively to the capitalisation of borrowing costs on qualifying assets from 1 January 2009, and it doesn't not have material impact on the Group's financial statements.

- HKAS 1 (Amendment), 'Presentation of financial statements', effective from 1 January 2009. The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with HKAS 39, 'Financial instruments: Recognition and measurement' are examples of current assets and liabilities respectively. It does not have an impact on the Group's financial statements.

- HKAS 36 (Amendment), 'Impairment of assets', effective from 1 January 2009. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Group applies the HKAS 36 (Amendment) prospectively and provides the required disclosure where applicable for impairment tests from 1 January 2009.

- HKAS 31 (Amendment), 'Interests in joint ventures (and consequential amendments to HKAS 32 and HKFRS 7), effective from 1 January 2009. Where an investment in joint venture is accounted for in accordance with HKAS 39, only certain rather than all disclosure requirements in HKAS 31 need to be made in addition to disclosures required by HKAS 32, 'Financial Instruments: Presentation' and HKFRS 7 'Financial Instruments: Disclosures'. The Group applies the HKAS 31 (Amendment) prospectively from 1 January 2009, and it doesn't have any significant impact on the Group's financial statements.

- HK(IFRIC) — Int 13, 'Customer loyalty programmes' (effective from 1 July 2008). HK (IFRIC) — Int 13 clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. It does not have any significant impact on the Group's financial statements.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the Group:

- HKFRS 2 (amendment), 'Share-based payment'.

- HKAS 32 (amendment), 'Financial instruments: presentation'.

- HK(IFRIC) 9 (amendment), 'Reassessment of embedded derivatives' and HKAS 39 (amendment), 'Financial instruments: Recognition and measurement'.

- HK(IFRIC) 15, 'Agreements for the construction of real estate'.

- HK(IFRIC) 16, 'Hedges of a net investment in a foreign operation'.

- HKAS 39 (amendment), 'Financial instruments: Recognition and measurement'.

3. ACCOUNTING POLICIES *(CONTINUED)*

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

- HKFRS 3 (revised), 'Business combinations' and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates' and HKAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and joint ventures on the Group. The Group does not have any associates.

  The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (revised) to all business combinations from 1 January 2010.

  HKICPA's improvements to HKFRS published in May 2009.

- Amendment to HKFRS 5 'Non-current assets held for sale and discontinued operations', effective for periods beginning on or after 1 January 2010. Disclosures in standards other than HKFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs specifically require disclosures for them. Additional disclosures about these assets or discontinued operations may be necessary to comply with the general requirements of HKAS 1 'Presentation of financial statements'. The Group will apply HKFRS 5 (amendment) from 1 January 2010.

- Amendment to HKFRS 8 'Operating segments', effective for periods beginning on or after 1 January 2010. Disclosure of information about total assets and liabilities for each reportable segment is required only if such amounts are regularly provided to the chief operating decision maker. The Group will apply HKFRS 8 (amendment) from 1 January 2010.

- Amendment to HKAS 7 'Statement of cash flows', effective for periods beginning on or after 1 January 2010. Only expenditures that result in a recognised asset are eligible for classification as investing activities. The Group will apply HKAS 7 (amendment) from 1 January 2010.

- Amendment to HKAS 17 'Leases', effective for periods beginning on or after 1 January 2010. The amendment removes the specific guidance on the classification of long-term leases of land as operating leases when classifying land leases, the general principles applicable to the classification of leases should be applied. The classification of land leases has to be reassessed on adoption of the amendment on the basis of information existing at inception of the leases. The Group will apply HKAS 17 (amendment) from 1 January 2010.

- Amendment to HKAS 36 'Impairment of assets', effective for periods beginning on or after 1 January 2010. This clarifies that the largest unit permitted for the goodwill impairment test is the lowest level of operating segment before any aggregation as defined in HKFRS 8. The amendment does not have any impact on the Group's financial statements.

4. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the board of directors. The board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

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.

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

The board of directors assesses the performance of the operating segments on the basis of 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 excludes the fair value gains on investment properties and includes land appreciation taxes, the depreciation of investing properties and adjustment to depreciation of certain assets measured at revaluated costs. Other information provided, except as noted below, to the board of directors is measured in a manner consistent with that in the financial statements.

Total assets exclude deferred tax assets and corporate cash, both of which are managed on a central 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.

Turnover consists of sales from development properties, commercial properties and investment properties and hotels segments. Revenues recognised during the six months ended 30 June 2009 and 30 June 2008 are as follows:

	Unaudited	
	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
		(Restated)
Revenue		
Development properties	**2,523,014**	925,230
Commercial properties	**192,292**	189,466
Investment properties and hotels	**332,354**	319,399
	3,047,660	1,434,095
All other segments	**37,782**	28,169
	3,085,442	1,462,264

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

4. SEGMENT INFORMATION *(CONTINUED)*

Unaudited

Business segment	Development properties RMB'000	Commercial properties RMB'000	Investment properties and hotels RMB'000	All other segments RMB'000	Total continuing operations RMB'000	Total discontinued operations RMB'000	Total Group RMB'000
Six months ended 30 June 2009							
Total revenues	2,523,014	192,292	334,203	51,686	3,101,195	31,126	3,132,321
Inter-segment revenues	—	—	(1,849)	(13,904)	(15,753)	—	(15,753)
Revenues (from external customers)	2,523,014	192,292	332,354	37,782	3,085,442	31,126	3,116,568
Profit before tax	795,697	9,233	47,038	(9,901)	842,067	822	842,889
Depreciation and amortisation	1,185	12,630	78,842	3,524	96,181	314	96,495
Finance income	2,375	339	359	1,102	4,175	9	4,184
Finance costs	—	—	—	—	—	—	—
Share of loss of a jointly controlled entity	—	2,169	—	—	2,169	—	2,169
Six months ended 30 June 2008							
Total revenues	925,230	189,466	319,399	64,175	1,498,270	25,692	1,523,962
Inter-segment revenues	—	—	—	(36,006)	(36,006)	—	(36,006)
Revenues (from external customers)	925,230	189,466	319,399	28,169	1,462,264	25,692	1,487,956
Profit before tax	293,332	30,291	45,308	(2,079)	366,852	(4,888)	361,964
Depreciation and amortisation	938	5,930	51,076	3,698	61,642	211	61,853
Finance income	2,749	618	749	1,164	5,280	41	5,321
Finance costs	—	—	—	—	—	—	—
Share of loss of a jointly controlled entity	—	—	—	—	—	—	—

4. SEGMENT INFORMATION *(CONTINUED)*

Business segment	Development properties RMB'000	Commercial properties RMB'000	Unaudited Investment properties and hotels RMB'000	All other segments RMB'000	Total continuing operations RMB'000	Total discontinued operations RMB'000	Total Group RMB'000
As at 30 June 2009							
Total assets	**14,476,433**	**588,510**	**6,373,114**	**234,090**	**21,672,147**	**43,604**	**21,715,751**
Total assets include:							
Interest in a jointly controlled entity	**—**	**18,897**	**—**	**—**	**18,897**	**—**	**18,897**
Additions to non-current assets (other than deferred tax assets)	**233**	**4,947**	**427,108**	**682**	**432,970**	**141**	**433,111**
As at 31 December 2008							
Total assets	15,108,040	606,648	6,031,586	41,865	21,788,139	55,888	21,844,027
Total assets include:							
Interest in a jointly controlled entity	—	21,066	—	—	21,066	—	21,066
Additions to non-current assets (other than deferred tax assets)	3,307	43,098	115,728	13,644	175,777	—	175,777

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

	Unaudited Six months ended 30 June 2009 RMB'000	2008 RMB'000
Profit before income tax for reportable segments	**842,067**	366,852
Corporate overheads	**(20,235)**	(36,188)
Corporate finance costs	**(95,319)**	(5,679)
Corporate finance income	**15,781**	4,029
Fair value gains on investment properties *(Note 11)*	**336,600**	—
Reversal of depreciation of investment properties	**45,164**	17,684
Depreciation of difference on revaluation of certain assets	**4,009**	5,625
Land appreciation tax	**180,596**	37,092
Profit before income tax and discontinued operations	**1,308,663**	389,415

4. SEGMENT INFORMATION *(CONTINUED)*

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

	As at 30 June 2009 Unaudited *RMB'000*	As at 31 December 2008 Audited *RMB'000*
Total segments' assets	**21,715,751**	21,844,027
Deferred income tax assets	**21,302**	20,329
Corporate cash	**4,623,599**	3,754,939
Aggregated fair value gains on investment properties	**2,207,929**	1,871,329
Reversal of accumulated depreciation of investment properties	**927,140**	881,976
Difference on revaluation of certain assets	**(231,796)**	(235,802)
Total assets per balance sheet	**29,263,925**	28,136,798

The Company and its subsidiaries are domiciled in the PRC and all the revenue from external customers of the Group are derived in the PRC for the six months ended 30 June 2009 and 2008.

At 30 June 2009 and 31 December 2008, all the Group's non-current assets other than deferred tax assets (there are no employment benefit assets and rights arising under insurance contracts) 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 six months ended 30 June 2009 and 2008.

5. LAND USE RIGHTS, PROPERTY, PLANT AND EQUIPMENT, AND INVESTMENT PROPERTIES

		Unaudited	
	Land use rights	Property, plant and equipment	Investment properties
	RMB'000	*RMB'000*	*RMB'000*
Six months ended 30 June 2009			
Opening net book amount as at 1 January 2009	1,171	4,393,911	4,382,600
Transfer of investment properties under construction	—	(2,432,208)	2,432,208
Fair value gains (included in other gains-net) *(Note 11)*	—	—	336,600
Additions	—	13,178	419,792
Disposals	—	(870)	—
Amortisation / depreciation	(16)	(46,992)	—
Closing net book amount as at 30 June 2009	1,155	1,927,019	7,571,200
Six months ended 30 June 2008			
Opening net book amount as at 1 January 2008	1,203	840,383	2,145,000
Additions	—	175,777	—
Disposals	—	(2,186)	—
Amortisation / depreciation	(16)	(38,317)	—
Closing net book amount as at 30 June 2008	1,187	975,657	2,145,000

The investment properties were revalued at 30 June 2009 by an independent, professionally qualified valuer, Greater China Appraisal Limited. Valuations were based on active market prices or alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

6. INVESTMENT IN SUBSIDIARIES

On 24 June 2009, the Company injected RMB400,000,000 as capital to one of the Company's subsidiaries, Changsha North Star Real Estate Development Company Limited ("CNSRE"). After the capital injection, the registered capital of CNSRE has been increased from RMB100,000,000 to RMB500,000,000, and the Company's ownership on CNSRE has been increased from 80% to 96%. An amount of RMB2,583,000 was charged against equity.

7. TRADE AND OTHER RECEIVABLES

The majority of the Group's sales are on cash or advance basis. The remaining amounts are with credit terms of 30 to 90 days. At 30 June 2009 and 31 December 2008, the ageing analysis of the trade receivables is as follows:

	As at 30 June 2009 Unaudited *RMB'000*	As at 31 December 2008 Audited *RMB'000*
0 - 30 days	12,130	14,787
31 - 120 days	5,108	17,719
Over 120 days	26,340	17,658
	43,578	50,164

8. SHARE CAPITAL

	Unaudited Registered, issued and fully paid					
		Liquid shares subject to sales restrictions		Listed shares		
	Number of shares *(thousands)*	Shares held by State owned legal person *RMB'000*	Shares held by domestic legal person *RMB'000*	Shares listed in the Mainland (A shares) *RMB'000*	Shares listed in Hong Kong (H shares) *RMB'000*	Total *RMB'000*
Opening balance at 1 January 2009	3,367,020	1,161,000	—	1,499,000	707,020	3,367,020
Restricted A shares became eligible for listing and circulation	—	—	—	—	—	—
At 30 June 2009	3,367,020	1,161,000	—	1,499,000	707,020	3,367,020
Opening balance at 1 January 2008	3,367,020	1,160,000	25,000	1,475,000	707,020	3,367,020
Restricted A shares became eligible for listing and circulation	—	—	(25,000)	25,000	—	—
At 30 June 2008	3,367,020	1,160,000	—	1,500,000	707,020	3,367,020

Liquid shares, A shares and H shares have a par value of RMB1 each and rank pari passu in all respects.

9. TRADE AND OTHER PAYABLES

At 30 June 2009 and 31 December 2008, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) is as follows:

	As at 30 June 2009 Unaudited *RMB'000*	As at 31 December 2008 Audited *RMB'000*
0 - 180 days	**130,606**	302,669
181 - 365 days	**133,756**	140,295
Over 365 days	**10,934**	8,195
	275,296	451,159

10. BORROWINGS AND LOANS

	As at 30 June 2009 Unaudited *RMB'000*	As at 31 December 2008 Audited *RMB'000*
Non-current		
Long term borrowings		
— Secured borrowings	**3,950,000**	2,640,000
— Unsecured borrowings	**3,000,000**	3,000,000
— 10 year bonds	**1,484,554**	1,483,607
— 5 year bonds	**1,671,936**	1,669,205
	10,106,490	8,792,812
Less: current portion of long term borrowings	**(2,300,000)**	(1,200,000)
	7,806,490	7,592,812
Current		
Short term borrowings		
— Unsecured borrowings	**950,000**	650,000
— Current portion of long term borrowings		
— Secured borrowings	**600,000**	—
— Unsecured borrowings	**1,700,000**	1,200,000
	3,250,000	1,850,000
Total borrowings and loans	**11,056,490**	9,442,812

10. BORROWINGS AND LOANS *(CONTINUED)*

Movements in borrowings are analysed as follows:

	Six months ended 30 June 2009 Unaudited ***RMB'000***
Opening amount as at 1 January 2009	**9,442,812**
Addition of borrowings	**1,610,000**
Amortisation of issuance costs of bonds	**3,678**
Closing amount as at 30 June 2009	**11,056,490**

	Six months ended 30 June 2008 Unaudited *RMB'000*
Opening amount as at 1 January 2008	7,131,760
Addition of borrowings	2,594,405
Repayment of borrowings	(968,937)
Amortisation of issuance costs of bonds	908
Closing amount as at 30 June 2008	8,758,136

Interest expense on borrowings and bonds for the six months ended 30 June 2009 is RMB315,346,000 (six months ended 30 June 2008: RMB247,841,000).

The Group has the following undrawn borrowing facilities:

	As at 30 June 2009 Unaudited ***RMB'000***	As at 31 December 2008 Audited *RMB'000*
Floating rate:		
— expiring within one year	**600,000**	—
— expiring between one and two years	**300,000**	—
— expiring between two and five years	**—**	710,000
	900,000	710,000

These facilities have been arranged to help finance ongoing projects under construction.

Although global market conditions (the 'credit crunch') will affect market confidence and consumer spending patterns, the Group remains well placed to grow revenues through ongoing marketing innovation. The Group does not have any exposure to sub-prime lending or collateralised debt obligations. The Group has sufficient headroom to enable it to conform to covenants on its existing borrowings. The Group has sufficient working capital and undrawn financing facilities to service its operating activities.

11. OPERATING PROFIT

The following items of unusual nature, size or incidence have been credited / (charged) to the operating profit during the period:

	Unaudited Six months ended 30 June 2009 RMB'000	2008 RMB'000
Investment properties at fair value through profit or loss:		
— fair value gains	336,600	—
Reversal of provision/(provision) for impairment of receivables	2,399	(664)
Loss on disposal of property, plant and equipment	(137)	(884)

The Group has no non-financial assets that have an indefinite life during the period.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. No impairment is charged or reversed for the six months ended 30 June 2009 and 2008.

Financial assets were reviewed for impairment as at 30 June 2009. The reversal of provision for impairment of receivables of RMB2,399,000 mainly relates to the cash collection of previously impaired receivables.

No inventory was written-down as at 30 June 2009 (31 December 2008: nil).

12. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the six months ended 30 June 2009 and 2008. The PRC enterprise income tax is computed according to the relevant laws and regulations in the PRC. The applicable income tax rate for the six months ended 30 June 2009 and 2008 is 25%.

	Unaudited Six months ended 30 June 2009 RMB'000	2008 RMB'000
Current income tax		
— PRC enterprise income tax	188,705	80,727
— PRC land appreciation tax	180,596	37,092
Deferred income tax expense	95,469	1,656
	464,770	119,475

13. EARNINGS PER SHARE

Earnings per share attributable to equity holders of the Company arise from continuing and discontinued operations as follows:

	Unaudited Six months ended 30 June (cents per share) 2009	2008 (Restated)
Earnings per share for profit from continuing operations attributable to the equity holders of the Company — basic and diluted	**23.35**	4.60
Earnings per share for profit from discontinued operations attributable to the equity holders of the Company — basic and diluted	**0.02**	(0.15)

14. DIVIDEND

A dividend that relates to the period to 31 December 2008 and that amounts to RMB101,011,000 was paid in June 2009 (2008: RMB101,011,000).

The Board resolved that no interim dividend will be declared in respect of the six months ended 30 June 2009 (Six months ended 30 June 2008: nil).

15. PLEDGED ASSETS

As at 30 June 2009, certain investment properties with fair value of RMB5,287,900,000 (31 December 2008: RMB2,097,200,000), property, plant and equipment with net book value of RMB936,250,000 (31 December 2008: RMB2,899,560,000) and properties under development with net book value of RMB3,117,225,000 (31 December 2008: RMB2,462,908,000) were pledged by the Group as securities for long term borrowings of RMB3,950,000,000 (31 December 2008: RMB2,640,000,000).

16. 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 RMB1,211,419,000 as at 30 June 2009 (31 December 2008: RMB1,476,674,000).

Such guarantees terminate upon: (i) 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 properties to its purchasers; (ii) completion of mortgage registration; and (iii) issuance of the real estate miscellaneous right certificate relating to the relevant property.

17. COMMITMENTS

(a) Capital commitments in respect of development costs attributable to property, plant and equipment, properties under development and land use rights:

	As at 30 June 2009 Unaudited *RMB'000*	As at 31 December 2008 Audited *RMB'000*
Property, plant and equipment and properties under development		
Contracted but not provided for	2,968,144	1,338,478
Authorised but not contracted for	3,148,853	4,200,283
Land use rights		
Contracted but not provided for	3,167,080	3,167,080
	9,284,077	8,705,841

(b) At 30 June 2009 and 31 December 2008, the Group had future aggregate minimum rental receivables and payables under non-cancellable operating leases as follows:

	As at 30 June 2009 Unaudited *RMB'000*	As at 31 December 2008 Audited *RMB'000*
Rental receivables in respect of investment properties		
Not later than one year	216,050	166,799
Later than one year and not later than five years	405,894	317,224
Later than five years	1,259,469	1,217,861
	1,881,413	1,701,884
Rental payables in respect of land use rights and buildings		
Not later than one year	13,465	13,465
Later than one year and not later than five years	53,860	53,860
Later than five years	316,420	323,151
	383,745	390,476

17. COMMITMENTS *(CONTINUED)*

(c) The Company's capital commitments in respect of an additional capital injection in a jointly controlled entity:

	As at 30 June 2009 Unaudited *RMB'000*	As at 31 December 2008 Audited *RMB'000*
Contracted but not provided for	13,608	—

18. RELATED PARTY TRANSACTIONS

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 period and balances arising from related party transactions at the end of the period indicated below:

(i) Bank deposits

	As at 30 June 2009 Unaudited *RMB'000*	As at 31 December 2008 Audited *RMB'000*
Bank deposits		
PRC state-owned banks	6,136,134	4,980,841

(ii) Rental

	Unaudited Six months ended 30 June 2009 *RMB'000*	2008 *RMB'000*
Rental income		
Other PRC stated-owned enterprises	20,186	9,071

Rental income is principally at market rates.

The Group does not have a system to identify the related parties within its retail customers. Therefore the retail sales to related parties are not disclosed. The Group does not believe it meaningful to disclose the retail sales to related parties as the sales terms, including pricing, with these related parties are the same as the ones with non-related parties.

18. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(iii) Principal services provided by the Group to BNSIGC

	Unaudited Six months ended 30 June 2009 RMB'000	2008 RMB'000
Electricity and telephone	78	37
Rental	1,552	1,537
	1,630	1,574

(iv) Purchases of goods and services

	Unaudited Six months ended 30 June 2009 RMB'000	2008 RMB'000
BNSIGC		
— purchase of property, plant and equipment	—	30,800
— operating lease payment in respect of land	6,732	6,424
— office lease acceptance	450	2,583
— prepayment made to acquire a subsidiary	—	802
Other PRC stated-owned enterprises		
— fees paid for construction and technical services	266,082	528,069

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

(v) Balances arising from sales/purchases of goods/services

	As at 30 June 2009 Unaudited RMB'000	As at 31 December 2008 Audited RMB'000
Trade and other receivables from related parties		
Other PRC state-owned enterprises	2,797	2,003
BNSIGC	5,942	5,942
	8,739	7,945
Trade and other payables to related parties		
Other PRC state-owned enterprises	560	33,440
BNSIGC	40,285	33,132
	40,845	66,572

The amount receivables and payables are unsecured, interest free and have no fixed terms of repayment.

18. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(v) Balances arising from sales/purchases of goods/services *(continued)*

At 30 June 2009 and 31 December 2008, there were no provisions for impairment of receivables from related parties and there were no provisions for impairment of receivables for related parties charged to income statement for the six months ended 30 June 2009 and 2008.

(vi) Borrowings from related parties

	Unaudited Six months ended 30 June 2009 RMB'000	Unaudited Six months ended 30 June 2008 RMB'000
Borrowings from PRC state-owned banks:		
At beginning of period	**6,290,000**	5,650,000
Loan received	**1,610,000**	2,100,000
Loan repayment	**—**	(670,000)
At end of period	**7,900,000**	7,080,000

	Unaudited Six months ended 30 June 2009 RMB'000	Unaudited Six months ended 30 June 2008 (Restated) RMB'000
Interest income from bank deposits	**19,956**	9,309
Interest expense on bank loans	**(211,219)**	(207,825)

(vii) Amount due from a minority shareholder of a subsidiary

	As at 30 June 2009 Unaudited RMB'000	As at 31 December 2008 Audited RMB'000
Amount due from a minority shareholder of a subsidiary	**22,187**	21,458

The amount is unsecured, has a maximum repayment term of two years and carries interest at prevailing market rates.

18. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(x) Key management compensation

	Unaudited Six months ended 30 June 2009 RMB'000	2008 RMB'000
Salaries and other short-term employee benefits	**2,041**	2,318
Post-employment benefits	**220**	194
	2,261	2,512

(xi) Accept financial guarantee

Pursuant to an agreement signed by Beijing North Star Industrial Group Company ("BNSIGC") and Bank of China (the "BOC"), BNSIGC provides a joint liability counter-guarantee in favor of BOC with respect to the guarantee provided by the BOC for the 10-year bonds issued by the Company.

Pursuant to an agreement signed by BNSIGC, BNSIGC provides joint liability counter-guarantee for the period the bond issued and two years after maturity of the 5-year bonds.

19. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

In July 2009, the Company borrowed RMB1,820,000,000 from the banks. These bank borrowings would be pledged with certain investment properties with fair value of RMB4,324,500,000 and property, plant and equipment with net book value of RMB235,457,000. Up to the date of this financial information, relevant legal procedures of the pledge are still in progress.

20. PRESENTATION OF DISCONTINUED OPERATION AND RESTATEMENT OF COMPARATIVE FIGURES

The assets and liabilities related to a subsidiary of the Company have been presented as held for sale following the approval of the Company's Board of Directors on 22 August 2008 to sell the subsidiary. The condensed consolidated interim income statement for the six months ended 30 June 2008 has been restated accordingly.

Supplementary Information

RECONCILIATION OF CONSOLIDATED INTERIM FINANCIAL INFORMATION

The Group has prepared a separate set of consolidated interim financial statements for the six months ended 30 June 2009 in accordance with Chinese Accounting Standards ("CAS") issued by the China Ministry of Finance. The differences between the financial information prepared under the CAS and Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants are summarised as follows:

	Profit attributable to equity holders of the Company		Capital and reserves attributable to equity holders of the Company	
	For the six months ended 30 June		As at	As at
	2009	2008	30 June 2009	31 December 2008
	Unaudited	Unaudited	Unaudited	Audited
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As stated in accordance with CAS	497,500	132,265	8,980,185	8,586,279
Impact of HKFRS adjustments:				
1. Reversal of depreciation of investment properties under CAS	33,873	13,263	695,355	661,482
2. Fair value adjustments of investment properties under HKFRS	252,450	—	1,655,947	1,403,497
3. Differences on revaluation of certain assets	3,007	4,219	(263,967)	(266,974)
As stated in accordance with HKFRS	786,830	149,747	11,067,520	10,384,284

Review of Operations

I. OPERATING ENVIRONMENT

In the first half of 2009, the active fiscal policy and relatively easy monetary policy of the State accompanied by the implementation of RMB4 trillion stimulus package and fast growing credit scale have effectively shored up domestic demand and investment, offsetting adverse impact from financial crisis and overseas demand downturn. National economy is on a smooth path, laying a solid foundation for economic target of 8% growth for the whole year.

1. Development Properties

In the first half of 2009, consumer confidence was regaining strength as encouraged by policies beneficial to the healthy development of the real estate industry implemented by relevant government departments and local authorities, including incentives for self-use residence purchase, lower deed tax and business tax rates. With abundant credit supply reducing capital cost to historical lows, the rapidly unleashed demand cleared the real estate market pessimism left by 2008. Average trading price of commodity residential units in China was RMB4,460 per square metre, up 22% over 2008. Area sold and revenue reached 314.99 million m^2 and RMB1,404.7 billion, surging by 33.4% and 57.1% over the first half of 2008 respectively. Trading volume hit new record repeatedly.

Average trading price of commodity residential units in Beijing in the first half of 2009 increased slightly by 0.3% over 2008, and area sold leaped by 142% over the first half of 2008, reaching 8,458,000 m^2. Among the total, area of commodity residential units sold was 6,747,000 m^2, compared with the new area approved for pre-sale of merely 4,316,000 m^2. On monthly basis, as imbalance between supply and demand rises and land market unfreezes, recovering consumer confidence and expectation are giving further stimulations to the rapid release of demand. The rising monthly selling prices of commodity residence units and area sold have brought Beijing real estate market back to "short supply".

Recovery in Changsha real estate market during the first half of 2009 was prominent. Trading volume has been on the fast track of recovery for 4 months straight. The sales volume of both primary and secondary market in five districts of Changsha city had hit new record highs in June. During the first half of 2009, average selling price of new commodity property and residential units in five districts of Changsha city was respectively RMB4,254 per m^2 and RMB4,019 per m^2, with supply to sales ratio at 0.76 and 0.75, significantly lower than 1.81 and 1.83 in 2008, which indicates continuous drops in relative stock and a supply shortage in the market. Besides, as of the end of June, five districts of Changsha city have issued subsidy certificates to 22,849 families, of which 7,072 purchased property. Easy credit access and property purchase support policy of Changsha city have acted as one of the major engines of the steep recovery of Changsha real estate market.

I. OPERATING ENVIRONMENT *(CONTINUED)*

2. Investment Properties (including hotels)

During the first half of 2009, investment property market in Beijing had seen a dramatic drop in demand as a result from lingering international financial crisis and Influenza A outbreak. On supply side, as new supply of certain business grew fast and previous stockpile still existed, the imbalance between supply and demand loomed in intensifying market competition. In particular, supply of high-grade hotel market has grown by 30% over 2007, highlighting the oversupply. As business activities and high-end business travellers decreased noticeably, both average room rent and occupancy rate slid. Office building suffered more from the international financial crisis. All leasing demands dropped significantly; vacancy was on the high rise. Overall rent of the market has decreased by large margins. New supply in apartment market slowed down relatively but still with a large stockpile, and in the presence of international financial crisis, as multinational companies controlled operating cost, reduced business and leisure travelling budget and cut expatriate personnel in China, demand continued to contract and led to dropping room rent and occupancy rate. On convention and exhibition market, demand was relatively stable and rent increased slightly, smoother than other businesses.

3. Commercial Properties

In the first half of 2009, with the impact from the global financial crisis on Beijing retail business, consumption saw a steep slump and remained sluggish. The accumulated retail sales of consumer goods amounted to RMB250.2 billion, representing an increase of 13.2% compared with the same period in 2008, albeit a decrease of 9.5 percentage points in the increase rate. Per capita disposable income of urban residents in Beijing in the first half of 2009 was RMB13,567, representing an increase of 8.1% compared with last year. With the per capita disposable income being on stable climb, consumer confidence index finds its footing gradually. With the forthcoming promulgation and implementation of domestic demand stimulus package by the State, the growth in consumption and the rising of living standards will enable the commercial and retail market in Beijing to recover smoothly. Since 2008, new supply of commercial area in Beijing has entered into a peak, resulting in market competition escalating. Commercial property vacancy rate was on the rise and rent to the opposite. Some new projects had to be postponed as affected by capital and promotion difficulties.

II. REVIEW OF OPERATIONS DURING THE REPORTING PERIOD

During the reporting period, confronting grim macro economy and ever increasing competition in micro market, the Company conducted systematic analysis on the changes in the operating environment and the supply-demand characteristics of the market. Taking the opportunity of "Growth preservation, domestic demand expansion and restructuring" macro control and stimulus package of the government, the Company adopted flexible operating, pricing and marketing tactics to effectively circumvent the impact from global financial crisis and Influenza A. The three major businesses are operating on even keel. New projects were progressing smoothly and operating performance improved remarkably. During the reporting period, the Company recorded turnover of RMB3,085,442,000, increasing by 111% year-on-year. With wider profit margin of settled property products, property development and settlement period and changes in accounting standard, with effect from 1 January 2009, properties for future leasing purpose under construction are classified as investment properties (mainly comprising the China National Convention Centre and its ancillary projects), and are measured at fair value which led to gain from fair value change. Accordingly, the Company recorded profit before taxation and profit for the period of RMB1,308,663,000 and RMB844,484,000 during the reporting period, surging by 236% and 219% respectively year-on-year. As a result of the increase in fair value gain of the Company and the settled property comprising mainly the Olympic Media Village project 100% held by the Company for the reporting period (for the same period 2008: Fragrant Hill Qingqin Villas project 49.5% held by the Company), the Company's profit attributable to shareholders increased significantly by 425% to RMB786,830,000 over the first half of 2008. Among the total, core operating results increased by 257% to RMB534,380,000 over the same period last year, and gain from fair value change (after income tax) was RMB252,450,000. Moreover, thanks to strict expenses saving and stringent cost control policies, controllable management expenses decreased by 6.6% from the same period last year, the Company will strive to achieve the target of a 10% controllable expense cut over the year.

1. Development Properties

Addressing the upsurging trading volume in the first half of 2009, the Company has carried out a market oriented and customer-foremost strategy, including seizing market opportunities and capitalising on geographical advantages, accurate positioning, high cost performance and flexible sales strategy, as well as well-targeted marketing tactics. Based on impressive sales of the projects and the achievement of high occupation of Olympic Media Village, there was significant improvement in operating results during the reporting period. During the reporting period, development properties segment recorded revenue of RMB2,523,014,000, a substantial year-on-year increase of 173%. Meanwhile, as settled projects are mostly comprised of Beichen Green Garden later-phase projects and high-end villas with wider gross profit margin, profit before taxation for the development properties segment increased significantly over the same period in 2008.

During the first half of 2009, the development properties segment recorded total area under construction of 860,000 m^2. Due to the declined area ready for sale during the reporting period, contracted sales revenue and area sold of development properties was RMB1,612,270,000 and RMB175,000 m^2, accomplishing 57% and 59% of the annual plan respectively. Contract value and area sold respectively accounted for 1.7% and 2.1% of commodity residence sold in Beijing during the first half of 2009, representing a slight drop in market share compared to 2008.

On residence projects, Olympic Media Village seized the opportunity from rapidly released rigid demand in market recovery to maintain its popularity, high cost performance and lower total price during the reporting period. Area sold reached 50,400 m^2 (446 units) with contracted sales revenue of RMB609.12 million. To cope with the massive delivery of Olympic Media Village during the reporting period, the Company, against all odds, organized much human and other resources to ensure the successful delivery of 183,000 m^2 (1,764 units). By the end of June 2009, Olympic Media Village had already sold 378,000 m^2, representing 93% of its total area, among which a total of 316,000 m^2 was settled. Beichen • Xiang Lu and Beichen • Fudi (Dual Restriction Projects) were progressing smoothly. Entire block of Beichen • Fudi had been roofed, which lays a solid ground for its delivery in 2010. During the reporting period, Beichen • Fudi had sold 94,000 m^2 (1,155 units) with contracted sales revenue of RMB554.08 million, and accumulatively sold 221,000 m^2, representing 77% of the total area.

II. REVIEW OF OPERATIONS DURING THE REPORTING PERIOD *(CONTINUED)*

1. Development Properties *(Continued)*

Regarding villa projects, during the reporting period, Fragrant Hill Qingqin Villas capitalised on their scarcity nature and excellent geographical location to take selling prices to a record high again. As the sales proceeded into final stage, during the reporting period, Fragrant Hill Qingqin Villas recorded contracted sales revenue of RMB122.04 million and area sold of 4,000 m^2 (14 units). As at the end of the reporting period, 93% or 126,000 m^2 of Fragrant Hill Qingqin Villas had been sold, and 98,000 m^2 was settled accumulatively. During the reporting period, later-phase projects at Bihai Fangzhou Garden Villas and Changhe Yushu Garden Villas were still suspended, but optimization and adjustment were made to original plans according to present supply and demand of high-end projects. The preliminary preparation for construction was in smooth progress. The projects may commence construction immediately once the approvals are obtained.

During the reporting period, the Company accelerated construction of the municipal concession project, starting from the initial block, of Changsha Delta Project. Adjustments had been completed for phase I municipal roads, sewage and other specialized pipeline construction design, greening of Xiangjiang River bank and lighting plan. In the mean time, 85% of major construction for Xiangjiang Road had been completed, which ensured the opening of main road on National Day. During the reporting period, the Company successfully completed design optimization and scenery design for the initial block of Changsha Delta Project. To cope with the flooding season, the Company laid solid foundation for the project to reach platform stage at the end of the year through scientific planning and rational arrangement. Currently, foundation construction, including earth excavation and piling work has commenced alternately at the initial block. Through long-term diligent analysis and systematic study on property market in Changsha and based on project planning features, the Company basically accomplished the positioning of commercial and office buildings, river bank shops and hotels during the reporting period, together with smooth preliminary marketing planning for initial block residence. In addition, the Company completed the RMB400 million capital increase in Changsha North Star Real Estate Development Company Limited during the reporting period, increasing its registered capital to RMB500 million, and the Company's shareholding percentage has been increased from 80% to 96%.

II. REVIEW OF OPERATIONS DURING THE REPORTING PERIOD *(CONTINUED)*

2. Investment Properties (including hotels)

During the first half of 2009, to confront the declining demand caused by international financial crisis and Influenza A, the segment capitalised on the geographical advantages of Asian-Olympic core district, adopting lean management, specialized operation and brand building to step up marketing and market transition under the continued "Co-sale of convention and exhibition" business mode. Investment properties (including hotels) recorded turnover of RMB332,354,000 during the reporting period, representing a slight increase in turnover of 4% from the same period of 2008 as a result of the commencement of operation of two new projects, namely North Star Times Tower and InterContinental Beijing Beichen, and the six blocks and block D of the apartment's West Zone after modification and renovation; among the total, rental income increased by 31% to RMB177,387,000 over the same period last year. Under contraction of demand, hotels recorded revenue of RMB154,967,000 from principal business, decreased by 16% from the same period of 2008. Due to the substantial increase in fair value gain, investment properties (including hotels) of the Company recorded profit before taxation of RMB433,928,000 for the reporting period, a leap of 522%, including RMB336,600,000 derived from the gain from fair value change.

Based on scientific market survey and tracking, Beijing Continental Grand Hotel and Beijing International Convention Centre diligently analyzed market trend and expanded new customer source to improve conference and exhibition facility utilization. Intensified secondary marketing and price elasticity were employed to foster stable growth of convention and exhibition. Income from convention and exhibition continued to rise over the same period of 2008.

Crowne Plaza Park View Wuzhou Beijing had given full play of its brand and geographical advantages to confront the adverse impact from the steep decline of personal and business travels globally, with enhanced cooperation with reservation center, exploration of industry and conference markets to improve resources utilization. Despite lower income, each of room rent, occupancy rate and average room income still ranked in the leading block among peers in Beijing. Year 2009 is the first entire year since InterContinental Beijing Beichen started operation. With its initial struggling period shadowed by international financial crisis, Influenza A and the post-Olympic change in industry supply and demand, the hotel pushed its room rent, occupancy rate and average room income ahead of new members of InterContinental Hotel Group in Beijing through intensive marketing, promotion, advertising upgrade and extensive cooperation.

II. REVIEW OF OPERATIONS DURING THE REPORTING PERIOD *(CONTINUED)*

2. Investment Properties (including hotels) *(Continued)*

Office buildings capitalised on geographical and brand advantages, combining regional promotion with project promotion under differentiated marketing strategy for different projects to adapt to tenant preferences in the region. Marketing of new projects are progressing smoothly with performance improved stably. Average contract price of North Star Huixin Plaza and North Star Huibin Plaza reached the standards of corresponding levels of commercial districts, with occupancy rate leading in Asian-Olympic area. While ensuring occupation of customers under the market operation mode, especially focusing on public relationship and effective promotion among potential customers, contract price of North Star Times Tower (a high-end office building project of the Company introduced to the market at the end of 2008) was close to the average level of CBD commercial area and contract rate reached 42% promptly despite the current market adversity, fulfilling the goal of commencing operation at high starting point for a new asset.

On apartments, facing the previous suspension for renovation, the six blocks of West Zone started from zero and based its market potential on exploration of long-term occupancy and temporary customers. While actively expanding sales channels and exploring convention and exhibition customer sources, it focused on development of existing customers and return of original tenants of West Zone. Through differentiated operations and flexible sales, rent remained stable, occupancy rate rebounded rapidly and operating results improved significantly.

As for China National Convention Centre and its ancillary projects, the new investment properties from the second half of 2009 to 2010, the specialized operator had basically completed preparations for its opening of business including staffing, organization setting and system building. Promotion, sales and marketing, convention and exhibition reservation and other preliminary work progressed orderly as scheduled. China National Convention Centre actively explored domestic and overseas high-end convention and exhibition market. Convention and exhibition activities to be held around 2010 in respect of which contracts have been signed or clear intentions have been expressed amounted to about 140. In July 2009, after Olympic tasks were completed, China National Convention Centre successfully delivered preparation, reception and service for the 24th FISM World Championships of Magic Beijing 2009, despite the fact that it was in furnishing and restructuring stage. Such efforts received recognition at home and abroad, which provided a favorable base for its opening of business at the end of the year.

3. Commercial Properties

On commercial properties, the Company conducted in-depth study on target consumer patterns, accelerated adjustment of brand and product mix, consolidated operation advantage and moderately specialized area of certain brands to improve diversity of brands and products to meet customers' demand in the commercial circle. By enhancing membership and upgrading service for members, we secured membership loyalty and increased customer traffic and trading, minimizing the impact of the international financial crisis on enterprises.

During the reporting period, commercial properties of the Company recorded turnover of RMB192,292,000, a slight rise of 1% over the same period in 2008. Due to the decrease in gross profit margin from sales of merchandise and additional start up expenses for new projects, profit before taxation had seen a slide.

III. OUTLOOK OF BUSINESS ENVIRONMENT IN THE SECOND HALF OF 2009 AND ITS POTENTIAL IMPACT

Looking into the second half of 2009, GDP of China is to rise season by season, and the "8%" growth target for the whole year should be successfully reached. At the critical moment of economic recovery, China will "adhere to active fiscal policy and relatively easy monetary policy". It is too early to predict the end of easy policies, but the State and relevant departments, taking account of the domestic and international economic dynamics and price changes, will focus on making minor dynamic adjustments through marketization to prevent asset bubble from expanding and stringently control loan risks. At the same time, "restructure" is expected to be the keyword for macro economy for the second half of the year. In preparation of tightened credit policies in the second half of 2009, the Company will shift focus to its operating capacity. To improve its core competitiveness, the Company will step up analysis and utilization of cash flow through management on cost, finance, sales and project progress, and strive to improve products' cost performance, capital turnover and fund utilization rate by focusing on product positioning, planning, designing and sales and marketing. In addition, the Company will seek progress in actively exploring diversified financing modes on the basis of its edges of dual listing and unique business structure.

As for the investment property market, Beijing municipal government has planned improvement on policies to develop the economy of the capital to allure domestic and overseas giant enterprises to set foot in Beijing, thus providing long-term opportunities and room for property investments. But from the short-term perspective, especially for the second half of 2009, impact from the international financial crisis and Influenza A on investment properties is to continue. Short-term demand shrink is to continue for the investment property market. As the Company owns and operates a large quantity of investment properties, in case market continues to contract in the second half of 2009, negative impact will be posed on operating income, profit level and profit margin of its investment properties. Moreover, China National Convention Centre and its ancillary projects will be consecutively completed and start operation from the end of 2009 to 2010. As demand in the investment property market continues to shrink, initial operation of our new project is bound to encounter difficulties with extended initial struggling period, which will have an impact on future operation results of the Company.

IV. MANAGEMENT'S MEASURES FOR THE SECOND HALF OF 2009

1. Development Properties

For development properties, while pushing ahead analysis, study and predicting ability on national economic situation, macro policy and market changes, and focusing on product positioning, planning, designing and marketing, the Company will strive to improve products' cost performance, capital turnover rate and fund utilization efficiency. Alongside boosting its core competitiveness, the Company will step up analysis and utilization of cash flow through management on cost, finance, sales and project progress, and timely seek chances to increase land reserve to enhance profitability and sustainable development capability.

IV. MANAGEMENT'S MEASURES FOR THE SECOND HALF OF 2009 *(CONTINUED)*

1. Development Properties *(Continued)*

During the second half of 2009, the development properties segment is expected to commence construction of an area of 470,000 m^2 to achieve an area under construction of 1,330,000 m^2 over the year, and to complete an area of 280,000 m^2, with aims for sales area of 129,000 m^2 and contracted sales revenue of RMB1.43 billion. In particular, Olympic Media Village will make full use of its positive market image such as favorable market recognition and high cost performance to speed up the sales of the remaining unsold residential units and commercial units of low floors and ensure smooth occupation of customers. For Beichen Epoch office plaza located in B5 section of Green Garden, the Company will speed up contract signing of office units while pushing construction progress forward. Beichen • Xiang Lu is to boost sales and secure profitability by ensuring construction progress, by promoting regional plan aligned with market changes, and series of marketing campaigns themed "A bird's eye view of Xiang Lu from Western Hills" supported by scenery model construction and intensified marketing. Beichen • Fudi will actively strive for more placement opportunities by increasing placement frequency and contracting ratio to complete the sales of "Dual Restriction Project" as soon as possible. Amid the rapid recovery of demand for high-end projects in the current real estate market, Fragrant Hill Qingqin Villas is to distinguish its geographical advantage and scarcity. According to features of the unsold area, it will beef up marketing towards high-end customers with a view to increasing project profitability. For the not yet-commenced construction portions of Bihai Fangzhou Garden Villas and Changhe Yushu Garden Villas, on the basis of analysis and study on supply and demand, market trend and customer needs, the Company is to optimize its plan, follow up approval and accelerate submission for permits in order to commence construction as soon as possible.

For Changsha Delta Project, based on its accurate product positioning and according to construction plan, the Company will push forward construction of the initial block, seeking to engage in construction of platform by the end of the year, to top out the main structure by the end of 2010 and commence occupation in 2011. Amid the fast recovery of real estate market in Changsha with expanding trading volume, we will start preparation for marketing planning in advance in accordance with construction progress of the initial block, creating favorable market conditions for precisely timed sales of the initial block. Guided by the general development strategy of "Prioritising on municipal roads and riverside scenery; relying on riverside business and commerce as driving force; proceeding on development of residential housing in an orderly manner; building infrastructure facilities in a relatively concentrated manner" and in accordance with the design plan of South-North subway intended to be built in Changsha city, we will strive to complete optimization of the overall commercial planning and the design for riverside commercial and public constructions, thus laying a solid foundation for successful commencement of commercial construction and regional value upgrading.

2. Investment Properties

With stock and additional investment properties being in the geographically preferred Asian-Olympic core district, we will make full play of the comprehensive advantages of multi-business. Adhering to "Co-sale of convention and exhibition" business mode for synergy among different business modes, we are practicable to strengthen insight of trends, the adaptability to market changes as well as the specialized capacity to organize and manage operation. Improvement will be made to innovative operation, transition of markets, stringent cost control and service upgrading. Leveraging on comprehensive advantages of our system, we aspire to further exploring potentials of stock assets and exploiting the economy of scale and spillover effect of additional assets. In the face of the harsh market conditions, we will pay every effort to minimize the initial struggling period of additional properties whilst seeking to stabilize annual operation results excluding gains from fair value changes.

IV. MANAGEMENT'S MEASURES FOR THE SECOND HALF OF 2009 *(CONTINUED)*

3. Commercial Properties

As new projects start business, the commercial pattern is evolving from single shop operation to chain operations. In the second half of 2009, we will conduct in-depth study to discover market changes and industry trends, to identify opportunities and challenges in development. Capitalising on geographical and brand advantages of our commercial segment and targeting consumer group in the northern market, we will perfect marketing and promotion work for new projects at full scale and various angles. By analysing intrinsic law of development for core business of commercial properties and retail commerce, we will continue to strengthen the building of management system within a professional framework, gradually shifting the mode from retail commerce to commercial property operations. We are seeking breakthroughs in retail commerce in terms of the content and method of marketing to meet customers needs as much as possible whilst aiming at increasing income and minimizing the impact from the global financial crisis.

V. ANALYSIS ON THE COMPANY'S DIFFICULTIES AND RISKS

The Company's development concerns and risks are mainly derived from market risks and short-term operating risks of its additional assets: (1) On development properties, as real estate market recovers quickly, over-speed price hikes and the conflict of supply and demand emerge again. It is too early to predict the end of easy policies, but the State and relevant departments, taking account of the domestic and international economic dynamics and price changes, will focus on making minor dynamic adjustments through marketization to prevent asset bubble from expanding and stringently control loan risks. As affected by the above potential adverse factors, uncertainty still exists for mid-term trend of the real estate market. In addition, since a property project involves a longer operation term, in case material fluctuations take place in the market, there will be greater risks brought to the Company's sales. On the other hand, land markets in certain regions were "overheated" as a result of the prompt recovery in the current real estate market, leading to a significant difference between costs of land and selling price of related projects and greater difficulties for the Company to acquire quality land reserves. On investment properties and commercial properties, the excessive growth of market supply and the piled up stock from previous developments, together with the global financial crisis, Influenza A and continued decline in market demand resulted in emerging imbalance between supply and demand, thereby intensifying market competitions. (2) In the second half of 2009, the Company's National Convention Centre and ancillary projects will consecutively commence operation, which may cause short-term operational risks to the Company's additional assets in the initial struggling period, given the current harsh market environment, especially the continued declining market demand for investment properties.

To cope with the said potential problems and risks: (1) The Company will enhance cost control, risk prevention, management and prudence in investment to further improve its comprehensive competitiveness based on smooth operation and countermeasures to the changing macro-economy and policies. On development properties, by pushing ahead the study on property market and strengthening its forward-looking vision, the Company will strive to improve products' cost performance, reasonably arrange for the pace of development and construction progress, and strengthen cost control in investment and construction. On the other hand, the Company will step up analysis on and utilization of cash flow through management on cost, finance, sales and project progress, and timely seek chances to increase land reserves to further improve profitability and sustainable development capability. On investment properties, with geographical advantage of our stock and additional investment properties being in the Asian-Olympic core district, the Company will tap advantages of its diversified business portfolio to follow the "Co-sale of convention and exhibition" business mode. Drawing upon the synergy among the businesses, we will put efforts in innovative operation, transition of markets, strict cost control and service upgrading, further exploring potentials of stock assets and exerting the economy of scale and spillover effect of additional assets. The focus of commercial properties will be placed on the building of management capacity, including strengthening commercial planning, operation and investment attraction, retail organization and market promotion. Taking preparation for debut opening of business of new projects as an opportunity, we are to build a comprehensive commercial property management system and organisation structure in practice, aiming at specialized development of commercial properties for higher profitability. (2) For additional assets, the Company will exert itself in promotion and marketing to prepare for the opening of business and initial operation, while giving full play of the leading role of National Olympic Convention Centre in light of the "Co-sale of convention and exhibition" business mode. Despite the grim market conditions, we are positioned to tap existing edges on resources and brands to actively explore domestic and overseas high-end convention and exhibition markets, seeking to shorten the initial struggling period for additional properties.

Discussion and Analysis of Financial Performance

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2009, the capital and reserve attributable to the Company's equity holders increased by 6.6% compared to 31 December 2008. The increase was attributable to profit attributable to equity holders of the Company during the Period of RMB786,830,000.

The Group's bank borrowings as at 30 June 2009 amounted to RMB7,900,000,000, among which the Group had long-term bank borrowings of RMB3,950,000,000 secured by certain investment properties, construction in progress and properties under development. As at 30 June 2009, the net amount for the Group's 10-year corporate bonds was RMB1,484,554,000 as at the end of the period, and balances of the 5-year corporate bonds at the end of the period amounted to RMB1,671,936,000. The gearing ratio of the Group was 62% (calculated by dividing total liabilities by total assets) as at the end of the reporting period.

Current assets of the Group, which mainly comprised cash at bank and on hand, trade and other receivables, completed properties held for sale and properties under development for sale, amounted to RMB19,724,352,000, whereas the Group's current liabilities amounted to RMB9,379,272,000. As at 30 June 2009, cash at bank and on hand amounted to RMB6,076,396,000 (excluding restricted bank deposits).

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

Contingent liabilities of the Group are mainly derived from phrasal financial guarantees for the mortgage loans extended to property buyers by banks. The above-mentioned phrasal financial guarantees will have no material effects on the financial position of the Group. As at 30 June 2009, the outstanding amount of the financial guarantees was RMB1,211,419,000 (31 December 2008: RMB1,476,674,000).

SHARE CAPITAL AND SHAREHOLDERS

Share Capital

The Company's registered capital as at 30 June 2009 totalled 3,367,020,000 shares in issue, comprising:

Domestic-listed circulating A shares	2,660,000,000 shares	Representing 79.002%
Foreign-listed H shares	707,020,000 shares	Representing 20.998%

	As at 30 June 2009 Unaudited ***RMB***	As at 31 December 2008 Audited *RMB*
Registered, issued and fully paid:		
Circulating shares subject to sales restrictions		
1,161,000,031(31 December 2008: 1,161,000,031) shares of RMB1 each held by State owned legal person *(A shares) (Note)*	**1,161,000,031**	1,161,000,031
Nil (31 December 2008: Nil) share of RMB1 each held by domestic legal person	**—**	—
	1,161,000,031	1,161,000,031
Circulating shares with no sales restriction		
1,498,999,969 (31 December 2008: 1,498,999,969) ordinary shares of RMB1 each listed in the Mainland (A shares)	**1,498,999,969**	1,498,999,969
707,020,000 (31 December 2008: 707,020,000) foreign shares of RMB1 each listed in Hong Kong (H shares)	**707,020,000**	707,020,000
	2,206,019,969	2,206,019,969
Total	**3,367,020,000**	3,367,020,000

Note: For 1,160 million A shares of the Company held by Beijing North Star Industrial Group Company ("BNSIGC"), the controlling shareholder of the Company, BNSIGC has undertaken, for a period of 36 months commencing from the date on which the A shares are listed, not to transfer or put on trust the shares of the Company which it holds directly or indirectly, nor allow such shares to be repurchased by the Company. In addition, in October 2008, BNSIGC increased its shareholdings in the Company by 1,000,031 shares via the securities trading system of the Shanghai Stock Exchange. BNSIGC has undertaken that it will not sell any shares it held in the Company during the implementation of the acquisition plan and within the statutory period.

Shareholdings of Substantial Shareholders

As at 30 June 2009, the following person, other than a director, supervisor or chief executive of the Company, had 5% or more interests or short positions in the relevant class of shares of the Company as recorded in the register required to be kept under Section 336 of Part XV of the Securities and Futures Ordinance ("SFO"):

SHARE CAPITAL AND SHAREHOLDERS *(CONTINUED)*

Long positions in shares of the Company

Name of shareholder	Nature of interest	Capacity	Class of shares	Number of shares held	Percentage of the relevant class of shares	Percentage of total share capital
Beijing North Star Industrial Group Company ("BNSIGC") *Note*	Corporate interest	Beneficial owner	A shares	1,161,000,031	43.647%	34.482%

Save as disclosed above, the register required to be kept under Section 336 of Part XV of the SFO showed that the Company had not been notified of any interests or short positions in the shares or underlying shares of the Company as at 30 June 2009.

Note: Pursuant to the document titled "Implementation measure for the transfer of part of the state-owned shares to the National 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, the additional 1,000,031 shares newly acquired in October 2008 and the 148,999,969 promoter state-owned shares held by BNSIGC totalling 150,000,000 shares are frozen at present.

As at the end of the reporting period, the total numbers of holders of A shares and H shares of the Company were 409,095 and 2,633, respectively.

Shareholdings of top ten shareholders

Name of shareholders	Class of shares	Percentage of shares (%)	Total number of shares held
Beijing North Star Industrial Group Company	A shares	34.482	1,161,000,031
HKSCC NOMINEES LIMITED	H shares	20.373	685,954,498
Beijing Wangfujing Department Store (Group) Co., Ltd.	A shares	4.099	138,000,000
Zhong Hang Xin Gang Guarantee Co., Ltd.	A shares	2.376	80,000,000
Zhejiang Haiyue Co., Ltd.	A shares	0.802	27,000,000
Sinopec Finance Co., Ltd.	A shares	0.297	10,000,000
Bank of China — Harvest SHSE-SZSE 300 Indexed Fund	A shares	0.287	9,664,853
Zhejiang AMP Incorporation	A shares	0.255	8,600,000
Zhang Yi (張毅)	A shares	0.152	5,130,000
Bank of China — ICBCCS Core Value Equity Fund (中國銀行－工銀瑞信核心價值股票型證券投資基金)	A shares	0.119	4,000,000

INTERESTS OF DIRECTORS AND SUPERVISORS OF THE COMPANY

As at 30 June 2009, none of the directors, supervisors, chief executive of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of the SFO or the Model Code for Securities Transactions by Directors of Listed Companies. None of the directors, supervisors, chief executive of the Company or their associates had been granted or had exercised any such rights during the six months ended 30 June 2009.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiries from all directors and supervisors of the Company, the Company confirms that its directors and supervisors have complied with the required standards as set out in the Model Code during the six months ended 30 June 2009.

AUDIT COMMITTEE

An Audit Committee has been established by the Company to review and supervise the financial reporting process and internal control procedures of the Company. The Group's unaudited interim results for the six months ended 30 June 2009 have been reviewed by the Audit Committee and the Board of the Company. The Audit Committee comprises three independent non-executive directors of the Company.

Mr. Meng Yan, Mr. Yu Jing-Song and Mr. Fu Yiu-Man retired and ceased to be independent non-executive directors and members of the audit committee at the annual general meeting held on 19 May 2009.

Mr. Long Tao, Mr. Gan Pei-Zhong and Mr. Wong Yik Chung were appointed as independent non-executive directors and members of the audit committee on 19 May 2009.

QUALIFIED ACCOUNTANT

Since 1 January 2009, the requirements of Rule 3.24 of the Listing Rules had been removed, pursuant to which the Company is no longer required to appoint a qualified accountant. However, the Company will continue to identify and employ accountants with adequate qualifications and experience to assist the Company and the board of directors in fulfilling their continuing financial and accounting related obligations.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company had not redeemed any of its shares during the Period. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's shares during the Period.

DESIGNATED DEPOSITS AND DUE FIXED DEPOSITS

As at 30 June 2009, the Group had no designated deposits that were placed with financial institutions in the PRC. All of the Group's cash deposits have been placed with commercial banks in the PRC in compliance with relevant laws and regulations. The Group has not experienced any incidents of not being able to withdraw bank deposits when due.

EMPLOYEES

As at 30 June 2009, the Company had 6,004 employees. Adjustments of employee remuneration will be made according to the Company's results and profitability and are determined by assessing the correlation between the total salary paid and the economic efficiency of the enterprise. Under this mechanism, the management of employee remunerations will be more efficient while employees will be motivated to work hard to bring good results to the Company. Save for the remuneration policies disclosed above, the Company does not maintain any share option scheme for its employees and the employees do not enjoy any bonus. The Company regularly provides for its administrative personnel trainings on various subjects, including operation management, foreign languages, computer skills, industry know-how and policies and laws, in different forms, such as seminars, site visits and study tours.

STAFF QUARTERS

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

PUBLICATION OF FINANCIAL INFORMATION

The Company's 2009 interim report which sets out all the information required by the Listing Rules will be published on the designated website of the Stock Exchange at http://www.hkexnews.hk and on the website of the Company at http://www.beijingns.com.cn in due course.

DOCUMENT FOR FUTURE REFERENCE

The original copy of the 2009 interim report, signed by the Chairman is available for inspection at the Secretariat of the Board, of which the address is:

Beijing North Star Company Limited
707, Tower A, Hui Xin Building
8 Bei Chen Dong Road
Chao Yang District
Beijing, the PRC

By order of the Board
Beijing North Star Company Limited
HE Jiang-Chuan
Chairman

Beijing, the PRC
19 August 2009

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:	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
Company information enquiry unit:	Secretariat of the Board

COMPANY INFORMATION ENQUIRY

Address:	Room 707, Tower A, Hui Xin Building, 8 Bei Chen Dong Road, Chao Yang District, Beijing, the PRC
Postal code:	100101
Telephone:	86 (10) 6499 1277
Fax:	86 (10) 6499 1352
Website:	www.beijingns.com.cn

REGISTRATION

Date and place of first registration:	2nd April 1997, Beijing, the PRC
Registration number with the Industry and Commerce Bureau:	11509936
Organisation Code:	63379193-0
Registration number with the Taxation Bureau:	110105633791930

AUDITORS

PRC auditor:	PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd.
Address:	11/F, PricewaterhouseCoopers Centre, No. 202 Hubin Road, Shanghai, the PRC
Postal code:	200021
Telephone:	86 (21) 6123 8888
Fax:	86 (21) 6123 8800
International auditor:	PricewaterhouseCoopers
Address:	22/F, Prince's Building, Central, Hong Kong
Telephone:	(852) 2289 8888
Fax:	(852) 2810 9888

LEGAL ADVISERS

PRC lawyer:	Beijing Da Cheng Solicitors Office
Address:	12-15/F, Guohua Plaza, 3 Dongzhimennan Avenue, Dongcheng District, Beijing, the PRC
Postal code:	100007
Telephone:	86 (10) 5813 7799
Fax:	86 (10) 5813 7788
Hong Kong lawyer:	Woo, Kwan, Lee & Lo
Address:	26/F, Jardine House, 1 Connaught Place, Central, Hong Kong
Telephone:	(852) 2847 7999
Fax:	(852) 2845 9225

Corporate Information

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
Shops 1712-1716, 17/F,
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

0588