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

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

(Stock Code: 588)

2018 FIRST QUARTERLY REPORT

This announcement is made pursuant to the disclosure requirements under Rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Beijing North Star Company Limited (the “**Company**”) is required to publish its first quarterly results pursuant to the Regulations on Disclosure of Information on Quarterly Reports for Listed Companies issued by the China Securities Regulatory Commission.

All financial information set out in the 2018 first quarterly report of the Company is unaudited and the relevant financial statements are prepared in accordance with China Accounting Standards for Business Enterprises. The 2018 first quarterly report of the Company will also be published on the website of Shanghai Stock Exchange (www.sse.com.cn) on 26 April 2018 and the main text of such report will be published in certain newspapers in the People's Republic of China (the “**PRC**”) on 27 April 2018. The original text of the report is in Chinese.

I. IMPORTANT NOTICE

- 1.1 The board of directors, the supervisory committee, all directors, supervisors and the senior management of the Company warrant that there are no misrepresentations or misleading statements contained in or material omissions from this quarterly report, and accept joint and several legal responsibility for the truthfulness, accuracy and completeness of the contents of this report.

- 1.2 All directors of the Company attended the board meeting to consider this quarterly report.
- 1.3 HE Jiang-Chuan, the person-in-charge of the Company, CUI Wei, the person-in-charge of accounting operations, and LV Jing-Hong, person-in-charge of the accounting department (chief accountant), warrant the truthfulness, accuracy and completeness of the financial statements in this quarterly report.
- 1.4 The first quarterly report of the Company is unaudited.

II. BASIC INFORMATION OF THE COMPANY

2.1 Major financial data

	<i>Unit: Yuan Currency: RMB</i>		
	As at the end of the reporting period	As at the end of last year	Increase /decrease as at the end of the reporting period from the end of last year (%)
Total assets	79,975,489,243	79,980,021,253	-0.01
Net assets attributable to the owners of the Company	13,236,870,922	12,598,972,264	5.06
	From the beginning of the year to the end of the reporting period	From the beginning of last year to the end of last year's reporting period	Increase/ decrease from the corresponding period last year (%)
Net cash flow from operating activities	-411,897,287	128,615,029	-420.26

	From the beginning of the year to the end of the reporting period	From the beginning of last year to the end of last year's reporting period	Increase/ decrease from the corresponding period last year (%)
Operating revenue	1,727,735,392	3,036,147,634	-43.09
Net profit attributable to the owners of the Company	180,163,696	298,309,361	-39.61
Net profit attributable to the owners of the Company after deducting the non-recurring item	155,618,027	295,890,024	-47.41
Weighted average return on net assets (%)	1.42	2.53	Decreased by 1.11 percentage points
Basic earnings per share (RMB per share)	0.05	0.09	-44.44
Diluted earnings per share (RMB per share)	0.05	0.09	-44.44

Non-recurring items and amounts

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount for the period
Profit or loss on disposal of non-current assets	-280,032
Capital occupancy fee from non-financial enterprises recognized through profit or loss for the period	30,493,987
Other non-operating income and expenses apart from the aforesaid items	2,813,990
Effect on minority interests (after tax)	-225,289
Effect on income tax	-8,256,987
Total	<u><u>24,545,669</u></u>

2.2 Total number of shareholders and shareholdings of top ten shareholders and top ten holders of circulating shares (or holders of shares not subject to selling restrictions) as at the end of the reporting period

Unit: Share

Total number of shareholders 165,357

Shareholdings of Top Ten Shareholders

Name of shareholders (full name)	Number of shareholding as at the end of the period		Number of shares subject to selling restrictions	Shares pledged or frozen		Nature of shareholders
	Percentage (%)			State of shares	Number	
Beijing North Star Industrial Group Limited Liabilities Company (“BNS Group”)	1,161,000,031	34.482	0	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED	686,544,499	20.390	0	Nil	0	Foreign legal person
Wangfujing Group Co., Ltd.	125,300,000	3.721	0	Nil	0	State-owned legal person
Foresea Life Insurance Co., Ltd. – Ju Fu Product (前海人壽保險股份有限公司–聚富產品)	101,993,733	3.029	0	Nil	0	Domestic non-state-owned legal person
Zhong Hang Xin Gang Guarantee Co., Ltd.	73,573,353	2.185	0	Nil	0	Domestic non-state-owned legal person
Yunnan International Trust Co., Ltd. – Yunxin Zengli No. 24 Securities Investment Single Fund Trust (雲南國際信託有限公司–雲信增利24號證券投資單一資金信託)	54,419,302	1.616	0	Nil	0	State-owned legal person
Huatai Securities Company Limited	41,489,500	1.232	0	Nil	0	State-owned legal person

Name of shareholders (full name)	Number of	Percentage (%)	Number of	Shares pledged or frozen		Nature of shareholders
	shareholding as at the end of the period		shares subject to selling restrictions	State of shares	Number	
Shaanxi International Trust Co., Ltd. –SITI • Rongyao No. 12 Securities Investment Collective Fund Trust Scheme (陝西省國 際信託股份有限公司–陝國 投•榮耀12號證券投資集合 資金信託計劃)	37,430,000	1.112	0	Nil	0	State-owned legal person
Chang'an International Trust Co., Ltd. – Chang'an Trust – Chang'an Investment No. 879 Securities Investment Single Fund Trust Scheme (長安國際 信託股份有限公司–長安信 託–長安投資879號證券投 資單一資金信託計劃)	29,357,905	0.872	0	Nil	0	Domestic non- state-owned legal person
National Social Security Fund – Portfolio 111 (全國社保基金 一一一組合)	20,773,622	0.617	0	Nil	0	State-owned legal person

Top Ten Holders of Shares not Subject to Selling Restrictions

Name of shareholders (full name)	Number of circulating shares not subject to selling restrictions	Class and number of shares	
		Class	Number
Beijing North Star Industrial Group Limited Liabilities Company	1,161,000,031	RMB-denominated ordinary shares	1,161,000,031
HKSCC NOMINEES LIMITED	686,544,499	Overseas listed foreign shares	686,544,499
Wangfujing Group Co., Ltd.	125,300,000	RMB-denominated ordinary shares	125,300,000
Foresea Life Insurance Co., Ltd. – Ju Fu Product (前海人壽保險股份有限公司– 聚富產品)	101,993,733	RMB-denominated ordinary shares	101,993,733
Zhong Hang Xin Gang Guarantee Co., Ltd.	73,573,353	RMB-denominated ordinary shares	73,573,353
Yunnan International Trust Co., Ltd. – Yunxin Zengli No. 24 Securities Investment Single Fund Trust (雲南國際信託有限公司– 雲信增利24號證券投資單一資金信託)	54,419,302	RMB-denominated ordinary shares	54,419,302
Huatai Securities Company Limited	41,489,500	RMB-denominated ordinary shares	41,489,500

Name of shareholders (full name)	Number of circulating shares not subject to selling restrictions	Class and number of shares	
		Class	Number
Shaanxi International Trust Co., Ltd. – SITI • Rongyao No. 12 Securities Investment Collective Fund Trust Scheme (陝西省國際信託股份有限公司—陝國投•榮耀12號證券投資集合資金信託計劃)	37,430,000	RMB-denominated ordinary shares	37,430,000
Chang’an International Trust Co., Ltd. – Chang’an Trust – Chang’an Investment No. 879 Securities Investment Single Fund Trust Scheme (長安國際信託股份有限公司—長安信託—長安投資879號證券投資單一資金信託計劃)	29,357,905	RMB-denominated ordinary shares	29,357,905
National Social Security Fund – Portfolio 111 (全國社保基金一一一組合)	20,773,622	RMB-denominated ordinary shares	20,773,622

Notes on the connected relationship or parties acting in concert among the above shareholders

HKSCC NOMINEES LIMITED, the second largest shareholder, holds the H Shares of the Company on behalf of various clients; the de facto controller of both Wangfujing Group Co., Ltd., the third largest shareholder, and BNS Group, the controlling shareholder of the Company, is the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality.

Pursuant to the document titled “Implementation Measure for the Transfer of certain 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)) (“**No. 94 Document**”) and Announcement No. 63 of 2009 jointly issued by the Ministry of Finance of the PRC, the State-owned Assets Supervision and Administration Commission of the State Council, the China Securities Regulatory Commission and the National Council for Social Security Fund, after the reform of shareholding structure, all limited companies with state-owned shares who conducted initial public offerings in the domestic securities market with its shares listed shall transfer part of their state-owned shares with reference to 10% of the actual issued shares during the initial public offerings to the National Council for Social Security Fund, save as otherwise stipulated by the State Council. For companies which meet the conditions for direct transfer of shares but are required to maintain the state-controlled status pursuant to relevant national regulations, the state-owned shareholders are required to perform their obligation of transfer by way of (including but not limited to) distributing dividend or turning to internal resources while ensuring the capital would be contributed to the national treasury in full and in a timely manner as approved by the state-owned asset supervision and management authority.

The Company completed the initial public offering of A shares and was listed in October 2006 with an issue size of 1.5 billion shares. Pursuant to the No. 94 Document and the Announcement No. 63 of 2009 jointly issued by the Ministry of Finance of the PRC, the State-owned Assets Supervision and Administration Commission of the State Council, the China Securities Regulatory Commission and the National Council for Social Security Fund, the 150 million shares held by BNS Group in the Company had been frozen as BNS Group was a state-owned shareholder prior to the listing of the Company. On 30 October 2015, BNS Group issued a commitment letter to the National Council for Social Security Fund, undertaking to fulfill its obligation of transfer by way of cash contribution, and to make a sufficient contribution of RMB360 million to the national treasury in cash in relation to the obligation of transfer of 150 million shares. BNS Group has paid the three installments with an aggregate amount of RMB360 million on 20 November 2015, 18 November 2016 and 17 November 2017, respectively. On 25 January 2018, the 150 million shares held by BNS Group in the Company were unfrozen.

2.3 Total number of holders of preference shares and shareholdings of top ten holders of preference shares and top ten holders of preference shares not subject to selling restrictions as at the end of the reporting period

Applicable Not applicable

2.4 Brief of the Company' operation in the first quarter

From January to March 2018, for real estate development purpose, in respect of land reserve, the Company's newly increased land reserve had a gross floor area of 218,600 m² (a plot ratio-based gross floor area of 172,800 m²), representing a year-on-year decrease of 17.48%, while the equity land reserve had a gross floor area of 131,200 m², representing a year-on-year increase of 1.08%; in respect of construction, the Company recorded a new construction area of 807,000 m² and a resumed construction area of 6,144,800 m², representing a year-on-year increase of 116.30% and a year-on-year increase of 61.54%, respectively; in respect of project sales, the Company recorded a contracted sales area of 363,800 m² and a contracted sales amount of RMB5.624 billion, representing a year-on-year increase of 35.80% and 10.02%, respectively, and its settlement area was 61,400 m² and its settlement amount was RMB1,132 million, representing a year-on-year decrease of 70.48% and 53.05%, respectively. As the completion and settlement of the Company's real estate business are affected by development cycle and seasonal factors, the completion area for the first quarter of the year accounts for a lower percentage of the whole year, and the relevant settlement income is relatively low according to the project development plan and the work progress.

From January to March 2018, as to property holding, the gross floor area of convention center projects was 326,400 m², realising a total operating revenue of RMB133,470,000; the total gross construction area of office building projects was 365,000 m², realising a total operating revenue of RMB175,200,000; the gross floor area of hotel projects was 292,200 m², realising a total operating revenue of RMB170,030,000; the gross floor area of apartment projects was 179,700 m², realising a total operating revenue of RMB64,280,000, and the gross floor area of commercial properties projects was 80,200 m², realising a total operating revenue of RMB10,330,000.

III. SIGNIFICANT EVENTS

3.1 Details and reasons for substantial changes in the major accounting statement items and financial indicators of the Company

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	31 March 2018	31 December 2017	Change	Change rate (%)	Major reasons for the change
Prepayments	918,448,247	2,212,734,774	-1,294,286,527	-58.49	Mainly due to the transfer of prepaid consideration for land use rights of the previous period into inventories in the period
Staff cost	74,322,865	137,388,739	-63,065,874	-45.90	Mainly due to payment of salaries provided for at the end of the last year by the Company
Other payables	3,045,183,097	1,901,838,691	1,143,344,406	60.12	Mainly due to the increase in payables to related parties and minority shareholders by the Company

Item	January to March 2018	January to March 2017	Change	Change rate (%)	Major reasons for the change
Operating revenue	1,727,735,392	3,036,147,634	-1,308,412,242	-43.09	Mainly due to the decrease in settlement area of properties developed in the period as a result of the effects of development and settlement period
Operating costs	1,053,785,015	2,065,417,682	-1,011,632,667	-48.98	Mainly due to the decrease in operating revenue in the period
Taxes and surcharges	120,036,414	230,925,808	-110,889,394	-48.02	Mainly due to the decrease in operating revenue in the period
Income tax expenses	67,757,131	100,824,739	-33,067,608	-32.80	Mainly due to the decrease in total profit in the period
Net profit attributable to the shareholders of the parent company	180,163,696	298,309,361	-118,145,665	-39.61	Mainly due to the decrease in the settlement income from the properties developed in the period
Basic earnings per share	0.05	0.09	-0.04	-44.44	Mainly due to the decrease in the Company's net profit attributable to the shareholders of the parent company in the period

Item	January to March 2018	January to March 2017	Change	Change rate (%)	Major reasons for the change
Net cash flow from operating activities	-411,897,287	128,615,029	-540,512,316	-420.26	Mainly due to the increase in cash paid by the Company for purchase of goods and receipt of services in the period
Net cash flow from investing activities	284,111,694	5,620,006	278,491,688	4,955.36	Mainly due to the increase in receipt of cash received from disposal of investments by the Company in the period
Net cash flows from financing activities	-1,567,569,912	812,801,677	-2,380,371,589	-292.86	Mainly due to the decrease in cash received from borrowings of the Company in the period

The revised China Accounting Standards for Business Enterprises No. 14 – Revenue issued by the Ministry of Finance in 2017 has been adopted by the Group in preparing its financial statements for the first quarter of 2018. The opening balance of retained earnings and amounts of other relevant items in the financial statements have been adjusted based on the cumulative effect of initial adoption of such standard, while no adjustments have been made to the comparative information in the financial statements.

3.2 Analysis and explanation on the development of significant events, and impacts and solutions thereof

Applicable Not applicable

3.3 Overdue commitments that have not yet been fulfilled during the reporting period

Applicable Not applicable

3.4 Warning and explanation on reasons for accumulated net profits expected to be probably loss from the beginning of the year to the end of the next reporting period or material changes as compared to those of the corresponding period last year

Applicable Not applicable

Company Name: **Beijing North Star Company Limited**
Legal representative: **HE Jiang-Chuan**
Date: 26 April 2018

IV. APPENDIX

4.1 Financial statements

Consolidated Balance Sheet 31 March 2018

Prepared by: Beijing North Star Company Limited

Unit: Yuan Currency: RMB Audit Type : Unaudited

Items	Balance as at the end of the period	Balance as at the beginning of the year
Current assets:		
Cash and cash equivalents	9,396,164,212	10,894,413,884
Clearing settlement funds		
Placements with banks and other financial institutions		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable		
Accounts receivable	118,066,492	102,501,156
Prepayments	918,448,247	2,212,734,774
Premiums receivable		
Reinsurance accounts receivable		
Deposits receivable from reinsurance treaty		
Interest receivable	3,574,637	3,574,637
Dividends receivable		
Other receivables	2,699,641,663	2,139,752,024
Financial assets held under resale agreements		
Inventory	54,394,301,044	52,551,799,994
Assets classified as held-for-sale		
Non-current assets due within one year		
Other current assets	2,515,429,205	2,006,018,374
Total current assets	<u>70,045,625,500</u>	<u>69,910,794,843</u>

Items	Balance as at the end of the period	Balance as at the beginning of the year
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term accounts receivable	1,366,820,621	1,506,726,334
Long-term equity investments	363,953,433	301,698,283
Investment properties	4,985,972,055	5,031,973,995
Fixed assets	2,319,452,409	2,346,278,029
Construction-in-progress	232,360,422	231,882,902
Construction materials		
Disposal of fixed assets		
Operational biological assets		
Oil and gas assets		
Intangible assets	7,950,760	9,194,440
Development expenses		
Goodwill		
Long-term deferred expenses	18,114,572	20,036,374
Deferred income tax assets	635,239,471	621,436,053
Other non-current assets		
	-----	-----
Total non-current assets	<u>9,929,863,743</u>	<u>10,069,226,410</u>
Total assets	<u>79,975,489,243</u>	<u>79,980,021,253</u>

Items	Balance as at the end of the period	Balance as at the beginning of the year
Current liabilities:		
Short-term borrowings	848,023,000	700,000,000
Borrowings from central bank		
Absorbing deposit and interbank deposit		
Capital borrowed		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable		
Accounts payable	3,709,469,953	5,196,582,061
Accounts received in advance	23,673,622,400	22,563,894,314
Financial assets sold under agreements to repurchase		
Fee and commission payable		
Staff cost	74,322,865	137,388,739
Taxes payable	1,950,273,451	1,974,506,778
Interest payable	242,047,550	302,792,533
Dividends payable	1,162,190	1,162,190
Other payables	3,045,183,097	1,901,838,691
Reinsurance accounts payable		
Reserve of insurance contract		
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Held-for-sale liabilities		
Non-current liabilities due within one year	5,043,183,142	6,231,435,755
Other current liabilities		
Total current liabilities	<u>38,587,287,648</u>	<u>39,009,601,061</u>

Items	Balance as at the end of the period	Balance as at the beginning of the year
Non-current liabilities:		
Long-term borrowings	20,988,527,128	21,001,811,277
Bonds payable	4,890,383,542	4,887,883,361
Including: Preferred shares		
Perpetual bond		
Long-term accounts payable	1,367,019,434	1,579,476,016
Long-term staff cost	139,237,272	139,237,272
Special accounts payable		
Accrued liabilities		
Deferred revenue		
Deferred income tax liabilities	4,056,798	–
Other non-current liabilities		
	_____	_____
Total non-current liabilities	<u>27,389,224,174</u>	<u>27,608,407,926</u>
Total liabilities	<u>65,976,511,822</u>	<u>66,618,008,987</u>

Items	Balance as at the end of the period	Balance as at the beginning of the year
Owners' equity:		
Share capital	3,367,020,000	3,367,020,000
Other equity instruments		
Including: Preferred shares		
Perpetual bond		
Capital reserve	3,648,897,300	3,648,897,300
Less: Treasury shares		
Other comprehensive income		
Special reserve		
Surplus reserve	874,944,041	874,944,041
Normal risk provision		
Undistributed profit	<u>5,346,009,581</u>	<u>4,708,110,923</u>
Equity attributable to owners of the Parent Company	<u>13,236,870,922</u>	<u>12,598,972,264</u>
Minority interests	<u>762,106,499</u>	<u>763,040,002</u>
Total owners' equity	<u><u>13,998,977,421</u></u>	<u><u>13,362,012,266</u></u>
Total liabilities and owners' equity	<u><u>79,975,489,243</u></u>	<u><u>79,980,021,253</u></u>

*Legal Representative of
the Company:*
HE Jiang-Chuan

*Person-in-charge of
accounting operations:*
CUI Wei

*Person-in-charge of the
accounting department:*
LV Jing-Hong

Balance Sheet of the Parent Company
31 March 2018

Prepared by: Beijing North Star Company Limited

Unit: Yuan Currency: RMB Audit Type : Unaudited

Item	Balance as at the end of the period	Balance as at the beginning of the year
Current assets:		
Cash and cash equivalents	3,786,128,134	6,496,915,080
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable		
Accounts receivable	100,402,106	90,237,857
Prepayments	27,605,814	35,531,412
Interest receivable	279,013,286	136,371,896
Dividends receivable		
Other receivables	9,497,316,357	8,946,352,670
Inventory	1,656,864,145	1,625,995,599
Assets classified as held-for-sale		
Non-current assets due within one year	3,828,559,408	3,828,559,408
Other current assets	31,833,885	36,303,710
Total current assets	19,207,723,135	21,196,267,632

Item	Balance as at the end of the period	Balance as at the beginning of the year
Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term accounts receivable	12,501,704,788	11,154,721,967
Long-term equity investments	2,769,252,853	2,769,252,853
Investment properties	4,975,645,370	5,021,507,894
Fixed assets	1,184,484,427	1,201,653,015
Construction-in-progress	10,827,124	10,349,604
Construction materials		
Disposal of fixed assets		
Operational biological assets		
Oil and gas assets		
Intangible assets	5,276,775	6,649,592
Development expenses		
Goodwill		
Long-term deferred expenses	1,119,030	1,368,502
Deferred income tax assets	214,075,203	214,075,203
Other non-current assets		
	-----	-----
Total non-current assets	<u>21,662,385,570</u>	<u>20,379,578,630</u>
Total assets	<u>40,870,108,705</u>	<u>41,575,846,262</u>

Item	Balance as at the end of the period	Balance as at the beginning of the year
Current liabilities:		
Short-term borrowings	700,000,000	700,000,000
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable		
Accounts payable	804,606,582	1,004,396,582
Accounts received in advance	486,007,582	728,978,158
Staff cost	68,768,535	113,540,237
Taxes payable	761,399,841	730,984,217
Interest payable	146,872,126	210,603,572
Dividends payable		
Other payables	6,568,834,449	6,493,097,972
Held-for-sale liabilities		
Non-current liabilities due within one year	4,463,183,142	4,863,981,149
Other current liabilities		
	_____	_____
Total current liabilities	<u><u>13,999,672,257</u></u>	<u><u>14,845,581,887</u></u>

Item	Balance as at the end of the period	Balance as at the beginning of the year
Non-current liabilities:		
Long-term borrowings	11,652,657,128	11,618,441,277
Bonds payable	4,890,383,542	4,887,883,361
Including: Preferred shares		
Perpetual bond		
Long-term accounts payable		
Long-term staff cost	139,237,272	139,237,272
Special accounts payable		
Accrued liabilities		
Deferred revenue		
Deferred income tax liabilities		
Other non-current liabilities		
	<hr/>	<hr/>
Total non-current liabilities	<u>16,682,277,942</u>	<u>16,645,561,910</u>
Total liabilities	<u>30,681,950,199</u>	<u>31,491,143,797</u>
Owners' equity:		
Share capital	3,367,020,000	3,367,020,000
Other equity instruments		
Including: Preferred shares		
Perpetual bond		
Capital reserve	3,681,309,353	3,681,309,353
Less: Treasury shares		
Other comprehensive income		
Special reserve		
Surplus reserve	874,944,041	874,944,041
Undistributed profit	<u>2,264,885,112</u>	<u>2,161,429,071</u>
	<hr/>	<hr/>
Total owners' equity	<u>10,188,158,506</u>	<u>10,084,702,465</u>
Total liabilities and owners' equity	<u>40,870,108,705</u>	<u>41,575,846,262</u>
<i>Legal Representative of the Company:</i>	<i>Person-in-charge of accounting operations:</i>	<i>Person-in-charge of the accounting department:</i>
HE Jiang-Chuan	CUI Wei	LV Jing-Hong

Consolidated Income Statement

From January to March 2018

Prepared by: Beijing North Star Company Limited

Unit: Yuan Currency: RMB Audit Type : Unaudited

Item	Amount for the period	Amount for the same period last year
I. Total operating revenue	1,727,735,392	3,036,147,634
Including: Operating revenue	1,727,735,392	3,036,147,634
Interest income		
Premiums earned		
Handling charges and commission income		
II. Total operating costs	1,479,663,769	2,636,947,468
Including: Operating costs	1,053,785,015	2,065,417,682
Interest expenses		
Handling charges and commission expenses		
Surrender payment		
Net expenditure for compensation payments		
Net provision for insurance deposits		
Policyholder dividend expenses		
Reinsurance costs		
Taxes and surcharges	120,036,414	230,925,808
Selling expenses	98,360,332	112,317,378
Administrative expenses	159,901,926	165,614,490
Finance expenses	51,618,692	62,656,826
Impairment losses on assets	-4,038,610	15,284
Add: Profit arising from changes in fair value (loss stated with “-”)		
Investment income (loss stated with “-”)	-3,618,257	-4,418,636

Item	Amount for the period	Amount for the same period last year
Including: Investment income from associates and joint ventures	-3,618,257	-4,418,636
Gains from disposal of assets (loss stated with “-”)		
Foreign currency exchange gains (loss stated with “-”)		
Other incomes		
III. Operating profit (loss stated with “-”)	244,453,366	394,781,530
Add: Non-operating income	3,084,609	3,529,614
Less: Non-operating expenses	550,651	204,109
IV. Total profit (total loss stated with “-”)	246,987,324	398,107,035
Less: Income tax expenses	67,757,131	100,824,739
V. Net profit (net loss stated with “-”)	179,230,193	297,282,296
(I) Classified on a going concern basis		
1. Net profit from continuing operations (net loss stated with “-”)	179,230,193	297,282,296
2. Net profit from discontinued operations (net loss stated with “-”)		
(II) Classified according to the ownership		
1. Non-controlling interests	-933,503	-1,027,065
2. Net profit attributable to the owners of the Parent Company	180,163,696	298,309,361

Item	Amount for the period	Amount for the same period last year
VI. Other comprehensive income (net of tax)		
Other comprehensive income attributable to the owners of the Parent Company (net of tax)		
(I) Other comprehensive income that will not be reclassified into profit or loss subsequently		
1. Changes arising from re-measurement of net liabilities or net assets of defined benefit plans		
2. Share of other comprehensive income (that will not be reclassified to profit or loss subsequently) of investees accounted for using equity method		
(II) Other comprehensive income that will be reclassified to profit or loss subsequently		
1. Share of other comprehensive income (that will be reclassified to profit or loss subsequently) of investees accounted for using equity method		
2. Gains or losses from changes in fair value of available-for-sale financial assets		
3. Gains or losses from reclassifying held-to-maturity investments to available-for-sale financial assets		
4. Effective portion of gains or losses arising from cash flow hedges		
5. Exchange differences on foreign currency translation		
6. Others		
Other comprehensive income attributable to minority interests (net of tax)		

Item	Amount for the period	Amount for the same period last year
VII. Total comprehensive income	179,230,193	297,282,296
Total comprehensive income attributable to the owners of the Parent Company	180,163,696	298,309,361
Total comprehensive income attributable to minority interests	-933,503	-1,027,065
VIII. Earnings per share:		
(I) Basic earnings per share <i>(RMB/share)</i>	0.05	0.09
(II) Diluted earnings per share <i>(RMB/share)</i>	0.05	0.09
<i>Legal Representative of the Company:</i> HE Jiang-Chuan	<i>Person-in-charge of accounting operations:</i> CUI Wei	<i>Person-in-charge of the accounting department:</i> LV Jing-Hong

Income Statement of the Parent Company

From January to March 2018

Prepared by: Beijing North Star Company Limited

Unit: Yuan Currency: RMB Type of audit: Unaudited

Item	Amount for the period	Amount for the same period last year
I. Operating revenue	579,028,272	1,063,579,961
Less: Operating costs	250,756,512	561,690,048
Taxes and surcharges	49,259,529	71,478,927
Selling expenses	19,787,036	27,219,676
Administrative expenses	113,954,661	114,620,020
Finance expenses	58,748,333	71,397,060
Impairment losses on assets	32,200	-
Add: Profit arising from changes in fair value (loss stated with “-”)		
Investment income (loss stated with “-”)	-	-4,418,636
Including: Investment income from associates and joint ventures	-	-4,418,636
Gains from disposal of assets (loss stated with “-”)		
Other incomes		
II. Operating profit (loss stated with “-”)	86,490,001	212,755,594
Add: Non-operating income	2,227,383	1,947,231
Less: Non-operating expenses	362,659	173,431
III. Total profit (total loss stated with “-”)	88,354,725	214,529,394
Less: Income tax expenses	22,088,681	54,757,629

Item	Amount for the period	Amount for the same period last year
IV. Net profit (net loss stated with “-”)	66,266,044	159,771,765
(I) Net profit from continuing operations (net loss stated with “-”)	66,266,044	159,771,765
(II) Net profit from discontinued operations (net loss stated with “-”)		
V. Other comprehensive income (net of tax)		
(I) Other comprehensive income that will not be reclassified into profit or loss subsequently		
1. Changes arising from remeasurement of net liabilities or net assets of defined benefit plans		
2. Share of other comprehensive income (that will not be reclassified to profit or loss subsequently) of investees accounted for using equity method		
(II) Other comprehensive income that will be reclassified to profit or loss subsequently		
1. Share of other comprehensive income (that will be reclassified to profit or loss subsequently) of investees accounted for using equity method		
2. Gains or losses from changes in fair value of available-for-sale financial assets		

Item	Amount for the period	Amount for the same period last year
3. Gains or losses from reclassifying held-to-maturity investments to available-for-sale financial assets		
4. Effective portion of gains or losses arising from cash flow hedges		
5. Exchange differences on foreign currency translation		
6. Others		
VI. Total comprehensive income	66,266,044	159,771,765

VII. Earnings per share:

- (I) Basic earnings per share
(RMB/share)
- (II) Diluted earnings per share
(RMB/share)

<i>Legal Representative of the Company:</i>	<i>Person-in-charge of accounting operations:</i>	<i>Person-in-charge of the accounting department:</i>
HE Jiang-Chuan	CUI Wei	LV Jing-Hong

Consolidated Cash Flow Statements

From January to March 2018

Prepared by: Beijing North Star Company Limited

Unit: Yuan Currency: RMB Type of audit: Unaudited

Item	Amount for the period	Amount for the same period last year
I. Cash flows from operating activities:		
Cash received from selling goods and rendering services	5,098,009,350	5,111,985,303
Net increase in deposits from customers and placements from banks and other financial institutions		
Net increase in borrowings from central bank		
Net increase in placements from other financial institutions		
Cash received from premiums of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits from policyholders and investments		
Net increase in disposal of financial assets at fair value through profit or loss		
Cash received from interest, handling charges and commissions		
Net increase in placements from banks		
Net increase in fund for repurchases of businesses		
Refund of tax and levies received		
Cash received relating to other operating activities	401,778,760	57,886,833
Sub-total of cash inflow from operating activities	5,499,788,110	5,169,872,136

Item	Amount for the period	Amount for the same period last year
Cash paid for purchase of goods and receipt of services	4,569,699,840	3,512,933,845
Net increase in loans and advances to customers		
Net increase in placements with central bank and other financial institution		
Cash paid for claims on original insurance contracts		
Cash payment for interest, handling charges and commissions		
Cash payment for policyholder dividend		
Cash paid to and paid for employees	296,535,956	266,411,305
Taxes paid	738,187,050	554,582,461
Cash paid relating to other operating activities	307,262,551	707,329,496
Sub-total of cash outflow from operating activities	<u>5,911,685,397</u>	<u>5,041,257,107</u>
Net cash flow from operating activities	<u>-411,897,287</u>	<u>128,615,029</u>
II. Cash flows from investing activities:		
Cash received from disposal of investments	484,000,000	74,153,875
Cash received from returns on investments	–	6,980,972
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	228,376	104,057
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities		
Sub-total of cash inflow from investing activities	<u>484,228,376</u>	<u>81,238,904</u>

Item	Amount for the period	Amount for the same period last year
Cash paid for acquiring fixed assets, intangible assets and other long- term assets	4,116,682	60,918,898
Cash paid to acquire investment	196,000,000	14,700,000
Net increase in pledged loans		
Net cash paid for acquisition of subsidiaries and other business units		
Cash paid relating to other investing activities		
	<hr/>	<hr/>
Sub-total of cash outflow from investing activities	200,116,682	75,618,898
	<hr/> <hr/>	<hr/> <hr/>
Net cash flows from investing activities	284,111,694	5,620,006
	<hr/> <hr/>	<hr/> <hr/>
III. Cash flows from financing activities:		
Cash received from capital contribution		
Including: Cash received from capital contributions by minority shareholders of subsidiaries		
Cash received from borrowings	910,087,261	2,869,479,566
Cash received from issuance of bonds		
Cash received relating to other financing activities	209,500,000	150,000,000
	<hr/>	<hr/>
Sub-total of cash inflow from financing activities	1,119,587,261	3,019,479,566
	<hr/> <hr/>	<hr/> <hr/>

Item	Amount for the period	Amount for the same period last year
Cash repayments of borrowings	1,739,746,417	1,636,865,480
Cash payments for distribution of dividends and profits or interest expenses	446,910,756	440,812,409
Including: Dividends and profit paid to minority shareholders by subsidiaries		
Cash paid relating to other financing activities	500,500,000	129,000,000
Sub-total of cash outflow from financing activities	<u>2,687,157,173</u>	<u>2,206,677,889</u>
Net cash flows from financing activities	<u>-1,567,569,912</u>	<u>812,801,677</u>
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-1,695,355,505	947,036,712
Add: Balance of cash and cash equivalents at the beginning of the period	<u>9,846,707,526</u>	<u>7,520,362,354</u>
VI. Balance of cash and cash equivalents at the end of the period	<u>8,151,352,021</u>	<u>8,467,399,066</u>
<i>Legal Representative of the Company:</i> HE Jiang-Chuan	<i>Person-in-charge of accounting operations:</i> CUI Wei	<i>Person-in-charge of the accounting department:</i> LV Jing-Hong

Statement of Cash Flows of the Parent Company

From January to March 2018

Prepared by: Beijing North Star Company Limited

Unit: Yuan Currency: RMB Type of audit: Unaudited

Item	Amount for the period	Amount for the same period last year
I. Cash flows from operating activities:		
Cash received from selling goods and rendering services	587,362,441	1,196,184,974
Refund of tax and levies received		
Cash received relating to other operating activities	<u>5,973,360</u>	<u>170,286,888</u>
Sub-total of cash inflow from operating activities	<u>593,335,801</u>	<u>1,366,471,862</u>
Cash paid for purchase of goods and receipt of services	477,999,310	160,945,751
Cash paid to and paid for employees	183,216,329	167,346,607
Taxes paid	97,363,138	97,089,998
Cash paid relating to other operating activities	<u>164,800,711</u>	<u>168,809,027</u>
Sub-total of cash outflow from operating activities	<u>923,379,488</u>	<u>594,191,383</u>
Net cash flow from operating activities	<u>-330,043,687</u>	<u>772,280,479</u>

Item	Amount for the period	Amount for the same period last year
II. Cash flows from investing activities:		
Cash received from disposal of investments	–	1,251,419,355
Cash received from returns on investments	113,750,743	90,717,000
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	52,215	76,118
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities		
	_____	_____
Sub-total of cash inflow from investing activities	<u>113,802,958</u>	<u>1,342,212,473</u>
Cash paid for acquiring fixed assets, intangible assets and other long-term assets	477,520	59,414,701
Cash paid to acquire investment	–	60,000,000
Net cash paid for acquisition of subsidiaries and other business units		
Cash paid relating to other investing activities	<u>1,867,452,521</u>	<u>4,302,547,057</u>
Sub-total of cash outflow from investing activities	<u>1,867,930,041</u>	<u>4,421,961,758</u>
Net cash flows from investing activities	<u>-1,754,127,083</u>	<u>-3,079,749,285</u>

Item	Amount for the period	Amount for the same period last year
III. Cash flows from financing activities:		
Cash received from capital contribution		
Cash received from borrowings	444,853,629	2,869,479,566
Cash received relating to other financing activities	<u>209,500,000</u>	<u>550,587,158</u>
Sub-total of cash inflow from financing activities	<u>654,353,629</u>	<u>3,420,066,724</u>
Cash repayments of borrowings	811,435,785	1,177,865,480
Cash payments for distribution of dividends and profits or interest expenses	410,041,479	358,480,636
Cash paid relating to other financing activities	<u>59,500,000</u>	<u>-</u>
Sub-total of cash outflow from financing activities	<u>1,280,977,264</u>	<u>1,536,346,116</u>
Net cash flows from financing activities	<u>-626,623,635</u>	<u>1,883,720,608</u>
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-2,710,794,405	-423,748,198
Add: Balance of cash and cash equivalents at the beginning of the period	6,487,100,146	4,622,075,524
VI. Balance of cash and cash equivalents at the end of the period	3,776,305,741	4,198,327,326
<i>Legal Representative of the Company:</i> HE Jiang-Chuan	<i>Person-in-charge of accounting operations:</i> CUI Wei	<i>Person-in-charge of the accounting department:</i> LV Jing-Hong

BEIJING NORTH STAR COMPANY LIMITED

FULL TEXT OF 2018 FIRST QUARTERLY REPORT

I. IMPORTANT NOTICE

- 1.1 The board of directors, the supervisory committee, all directors, supervisors and the senior management of the Company warrant that there are no misrepresentations or misleading statements contained in or material omissions from this quarterly report, and accept joint and several legal responsibility for the truthfulness, accuracy and completeness of the contents of this report.
- 1.2 All directors of the Company attended the board meeting to consider this quarterly report.
- 1.3 HE Jiang-Chuan, the person-in-charge of the Company, CUI Wei, the person-in-charge of accounting operations, and LV Jing-Hong, person-in-charge of the accounting department (chief accountant), warrant the truthfulness, accuracy and completeness of the financial statements in this quarterly report.
- 1.4 The first quarterly report of the Company is unaudited.

II. BASIC INFORMATION OF THE COMPANY

2.1 Major financial data

Unit: Yuan Currency: RMB

	As at the end of the reporting period	As at the end of last year	Increase/ decrease as at the end of the reporting period from the end of last year (%)
Total assets	79,975,489,243	79,980,021,253	-0.01
Net assets attributable to the owners of the Company	13,236,870,922	12,598,972,264	5.06

	From the beginning of the year to the end of the reporting period	From the beginning of last year to the end of last year's reporting period	Increase/ decrease from the corresponding period last year (%)
Net cash flow from operating activities	-411,897,287	128,615,029	-420.26
Operating revenue	1,727,735,392	3,036,147,634	-43.09
Net profit attributable to the owners of the Company	180,163,696	298,309,361	-39.61
Net profit attributable to the owners of the Company after deducting the non-recurring item	155,618,027	295,890,024	-47.41
Weighted average return on net assets (%)	1.42	2.53	Decreased by 1.11 percentage points
Basic earnings per share (RMB per share)	0.05	0.09	-44.44
Diluted earnings per share (RMB per share)	0.05	0.09	-44.44

Non-recurring items and amounts

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount for the period
Profit or loss on disposal of non-current assets	-280,032
Capital occupancy fee from non-financial enterprises recognized through profit or loss for the period	30,493,987
Other non-operating income and expenses apart from the aforesaid items	2,813,990
Effect on minority interests (after tax)	-225,289
Effect on income tax	<u>-8,256,987</u>
Total	<u><u>24,545,669</u></u>

2.2 Total number of shareholders and shareholdings of top ten shareholders and top ten holders of circulating shares (or holders of shares not subject to selling restrictions) as at the end of the reporting period

Unit: Share

Total number of shareholders 165,357

Shareholdings of Top Ten Shareholders

Name of shareholders (full name)	Number of shareholding as at the end of the period	Percentage (%)	Number of shares subject to selling restrictions	Shares pledged or frozen		Nature of shareholders
			State of shares	Number		
Beijing North Star Industrial Group Limited Liabilities Company (“BNS Group”)	1,161,000,031	34.482	0	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED	686,544,499	20.390	0	Nil	0	Foreign legal person

Name of shareholders (full name)	Number of	Percentage (%)	Number of	Shares pledged or frozen		Nature of shareholders
	shareholding as at the end of the period		shares subject to selling restrictions	State of shares	Number	
Wangfujing Group Co., Ltd.	125,300,000	3.721	0	Nil	0	State-owned legal person
Foresea Life Insurance Co., Ltd. – Ju Fu Product (前海人壽保險 股份有限公司–聚富產品)	101,993,733	3.029	0	Nil	0	Domestic non- state-owned legal person
Zhong Hang Xin Gang Guarantee Co., Ltd.	73,573,353	2.185	0	Nil	0	Domestic non- state-owned legal person
Yunnan International Trust Co., Ltd. – Yunxin Zengli No. 24 Securities Investment Single Fund Trust (雲南國際信託有 限公司–雲信增利24號證券 投資單一資金信託)	54,419,302	1.616	0	Nil	0	State-owned legal person
Huatai Securities Company Limited	41,489,500	1.232	0	Nil	0	State-owned legal person
Shaanxi International Trust Co., Ltd. –SITI • Rongyao No. 12 Securities Investment Collective Fund Trust Scheme (陝西省國 際信託股份有限公司–陝國 投•榮耀12號證券投資集合 資金信託計劃)	37,430,000	1.112	0	Nil	0	State-owned legal person
Chang'an International Trust Co., Ltd. – Chang'an Trust – Chang'an Investment No. 879 Securities Investment Single Fund Trust Scheme (長安國際 信託股份有限公司–長安信 託–長安投資879號證券投 資單一資金信託計劃)	29,357,905	0.872	0	Nil	0	Domestic non- state-owned legal person
National Social Security Fund – Portfolio 111 (全國社保基金 一一一組合)	20,773,622	0.617	0	Nil	0	State-owned legal person

Top Ten Holders of Shares not Subject to Selling Restrictions

Name of shareholders (full name)	Number of circulating shares not subject to selling restrictions	Class	Class and number of shares Number
Beijing North Star Industrial Group Limited Liabilities Company	1,161,000,031	RMB-denominated ordinary shares	1,161,000,031
HKSCC NOMINEES LIMITED	686,544,499	Overseas listed foreign shares	686,544,499
Wangfujing Group Co., Ltd.	125,300,000	RMB-denominated ordinary shares	125,300,000
Foresea Life Insurance Co., Ltd. – Ju Fu Product (前海人壽保險股份有限公司—聚富產品)	101,993,733	RMB-denominated ordinary shares	101,993,733
Zhong Hang Xin Gang Guarantee Co., Ltd.	73,573,353	RMB-denominated ordinary shares	73,573,353
Yunnan International Trust Co., Ltd. – Yunxin Zengli No. 24 Securities Investment Single Fund Trust (雲南國際信託有限公司—雲信增利24號證券投資單一資金信託)	54,419,302	RMB-denominated ordinary shares	54,419,302
Huatai Securities Company Limited	41,489,500	RMB-denominated ordinary shares	41,489,500
Shaanxi International Trust Co., Ltd. – SITI • Rongyao No. 12 Securities Investment Collective Fund Trust Scheme (陝西省國際信託股份有限公司—陝國投•榮耀12號證券投資集合資金信託計劃)	37,430,000	RMB-denominated ordinary shares	37,430,000
Chang'an International Trust Co., Ltd. – Chang'an Trust – Chang'an Investment No. 879 Securities Investment Single Fund Trust Scheme (長安國際信託股份有限公司—長安信託—長安投資879號證券投資單一資金信託計劃)	29,357,905	RMB-denominated ordinary shares	29,357,905
National Social Security Fund – Portfolio 111 (全國社保基金一一一組合)	20,773,622	RMB-denominated ordinary shares	20,773,622

Notes on the connected relationship or parties acting in concert among the above shareholders

HKSCC NOMINEES LIMITED, the second largest shareholder, holds the H Shares of the Company on behalf of various clients; the de facto controller of both Wangfujing Group Co., Ltd., the third largest shareholder, and BNS Group, the controlling shareholder of the Company, is the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

Pursuant to the document titled “Implementation Measure for the Transfer of certain 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)) (“**No. 94 Document**”) and Announcement No. 63 of 2009 jointly issued by the Ministry of Finance of the PRC, the State-owned Assets Supervision and Administration Commission of the State Council, the China Securities Regulatory Commission and the National Council for Social Security Fund, after the reform of shareholding structure, all limited companies with state-owned shares who conducted initial public offerings in the domestic securities market with its shares listed shall transfer part of their state-owned shares with reference to 10% of the actual issued shares during the initial public offerings to the National Council for Social Security Fund, save as otherwise stipulated by the State Council. For companies which meet the conditions for direct transfer of shares but are required to maintain the state-controlled status pursuant to relevant national regulations, the state-owned shareholders are required to perform their obligation of transfer by way of (including but not limited to) distributing dividend or turning to internal resources while ensuring the capital would be contributed to the national treasury in full and in a timely manner as approved by the state-owned asset supervision and management authority.

The Company completed the initial public offering of A shares and was listed in October 2006 with an issue size of 1.5 billion shares. Pursuant to the No. 94 Document and the Announcement No. 63 of 2009 jointly issued by the Ministry of Finance of the PRC, the State-owned Assets Supervision and Administration Commission of the State Council, the China Securities Regulatory Commission and the National Council for Social Security Fund, the 150 million shares held by BNS Group in the Company had been frozen as BNS Group was a state-owned shareholder prior to the listing of the Company. On 30 October 2015, BNS Group issued a commitment letter to the National Council for Social Security Fund, undertaking to fulfill its obligation of transfer by way of cash contribution, and to make a sufficient contribution of RMB360 million to the national treasury in cash in relation to the obligation of transfer of 150 million shares. BNS Group has paid the three installments with an aggregate amount of RMB360 million on 20 November 2015, 18 November 2016 and 17 November 2017, respectively. On 25 January 2018, the 150 million shares held by BNS Group in the Company were unfrozen.

2.3 Total number of holders of preference shares and shareholdings of top ten holders of preference shares and top ten holders of preference shares not subject to selling restrictions as at the end of the reporting period

Applicable Not applicable

2.4 Brief of the Company' operation in the first quarter

From January to March 2018, for real estate development purpose, in respect of land reserve, the Company's newly increased land reserve had a gross floor area of 218,600 m² (a plot ratio-based gross floor area of 172,800 m²), representing a year-on-year decrease of 17.48%, while the equity land reserve had a gross floor area of 131,200 m², representing a year-on-year increase of 1.08%; in respect of construction, the Company recorded a new construction area of 807,000 m² and a resumed construction area of 6,144,800 m², representing a year-on-year increase of 116.30% and a year-on-year increase of 61.54%, respectively; in respect of project sales, the Company recorded a contracted sales area of 363,800 m² and a contracted sales amount of RMB5.624 billion, representing a year-on-year increase of 35.80% and 10.02%, respectively, and its settlement area was 61,400 m² and its settlement amount was RMB1,132 million, representing a year-on-year decrease of 70.48% and 53.05%, respectively. As the completion and settlement of the Company's real estate business are affected by development cycle and seasonal factors, the completion area for the first quarter of the year accounts for a lower percentage of the whole year, and the relevant settlement income is relatively low according to the project development plan and the work progress.

From January to March 2018, as to property holding, the gross floor area of convention center projects was 326,400 m², realising a total operating revenue of RMB133,470,000; the total gross construction area of office building projects was 365,000 m², realising a total operating revenue of RMB175,200,000; the gross floor area of hotel projects was 292,200 m², realising a total operating revenue of RMB170,030,000; the gross floor area of apartment projects was 179,700 m², realising a total operating revenue of RMB64,280,000, and the gross floor area of commercial properties projects was 80,200 m², realising a total operating revenue of RMB10,330,000.

III. SIGNIFICANT EVENTS

3.1 Details and reasons for substantial changes in the major accounting statement items and financial indicators of the Company

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	31 March 2018	31 December 2017	Change	Change rate (%)	Major reasons for the change
Prepayments	918,448,247	2,212,734,774	-1,294,286,527	-58.49	Mainly due to the transfer of prepaid consideration for land use rights of the previous period into inventories in the period
Staff cost	74,322,865	137,388,739	-63,065,874	-45.90	Mainly due to payment of salaries provided for at the end of the last year by the Company
Other payables	3,045,183,097	1,901,838,691	1,143,344,406	60.12	Mainly due to the increase in payables to related parties and minority shareholders by the Company

Item	January to March 2018	January to March 2017	Change	Change rate (%)	Major reasons for the change
Operating revenue	1,727,735,392	3,036,147,634	-1,308,412,242	-43.09	Mainly due to the decrease in settlement area of properties developed in the period as a result of the effects of development and settlement period
Operating costs	1,053,785,015	2,065,417,682	-1,011,632,667	-48.98	Mainly due to the decrease in operating revenue in the period
Taxes and surcharges	120,036,414	230,925,808	-110,889,394	-48.02	Mainly due to the decrease in operating revenue in the period
Income tax expenses	67,757,131	100,824,739	-33,067,608	-32.80	Mainly due to the decrease in total profit in the period

Item	January to March 2018	January to March 2017	Change	Change rate (%)	Major reasons for the change
Net profit attributable to the shareholders of the parent company	180,163,696	298,309,361	-118,145,665	-39.61	Mainly due to the decrease in the settlement income from the properties developed in the period
Basic earnings per share	0.05	0.09	-0.04	-44.44	Mainly due to the decrease in the Company's net profit attributable to the shareholders of the parent company in the period
Net cash flow from operating activities	-411,897,287	128,615,029	-540,512,316	-420.26	Mainly due to the increase in cash paid by the Company for purchase of goods and receipt of services in the period
Net cash flow from investing activities	284,111,694	5,620,006	278,491,688	4,955.36	Mainly due to the increase in receipt of cash received from disposal of investments by the Company in the period
Net cash flows from financing activities	-1,567,569,912	812,801,677	-2,380,371,589	-292.86	Mainly due to the decrease in cash received from borrowings of the Company in the period

The revised China Accounting Standards for Business Enterprises No. 14 – Revenue issued by the Ministry of Finance in 2017 has been adopted by the Group in preparing its financial statements for the first quarter of 2018. The opening balance of retained earnings and amounts of other relevant items in the financial statements have been adjusted based on the cumulative effect of initial adoption of such standard, while no adjustments have been made to the comparative information in the financial statements.

3.2 Analysis and explanation on the development of significant events, and impacts and solutions thereof

Applicable Not applicable

3.3 Overdue commitments that have not yet been fulfilled during the reporting period

Applicable Not applicable

3.4 Warning and explanation on reasons for accumulated net profits expected to be probably loss from the beginning of the year to the end of the next reporting period or material changes as compared to those of the corresponding period last year

Applicable Not applicable

Company Name: **Beijing North Star Company Limited**
Legal representative: **HE Jiang-Chuan**
Date: 26 April 2018

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

Beijing, the PRC, 26 April 2018

As at the date of this announcement, the board of directors comprises nine directors, of which Mr. HE Jiang-Chuan, Mr. LI Wei-Dong, Mr. LI Chang-Li, Ms. ZHAO Hui-Zhi, Mr. LIU Jian-Ping and Mr. LIU Huan-Bo are executive directors and Mr. FU Yiu-Man, Mr. DONG An-Sheng and Mr. WU Ge are independent non-executive directors.