



HKEx Stock Code: 0588
SSE Stock Code: 601588

2022

Annual Report



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Financial Highlights

RESULTS

Year ended 31 December	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Revenue	12,988,940	22,182,854	17,995,842	20,122,314	17,859,790
(Loss)/Profit before income tax	(803,113)	1,590,588	1,512,580	4,681,368	3,860,018
Income tax expenses	722,064	1,350,530	1,042,383	2,579,488	1,606,703
(Loss)/Profit for the year	(1,525,177)	240,058	470,197	2,095,459	2,214,119
Attributable to:					
Ordinary shareholders of the Company	(1,471,352)	207,374	21,658	1,788,709	1,403,430
Investors of perpetual bonds	25,359	137,783	143,530	116,859	7,059
Non-controlling interests	(79,184)	(105,099)	305,009	189,891	803,630

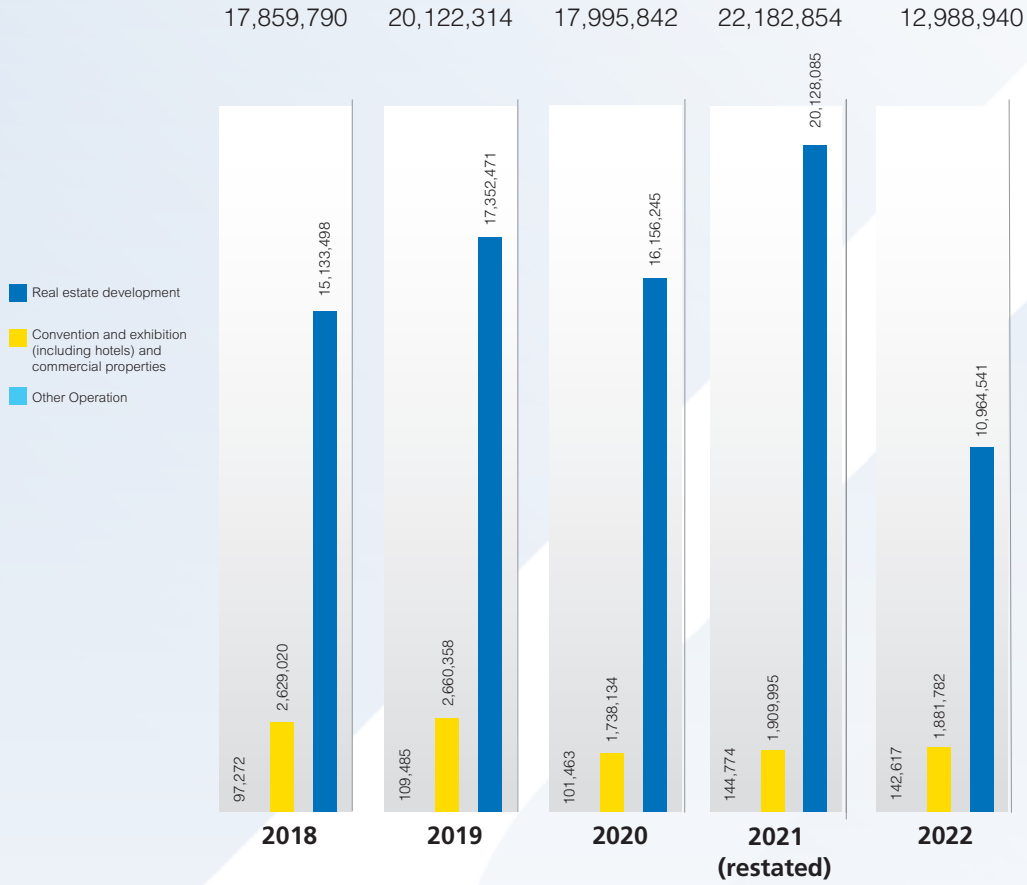
ASSETS AND LIABILITIES

As at 31 December	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Total assets	76,112,736	88,479,352	94,929,518	102,438,791	99,910,665
Total liabilities	53,528,643	62,610,819	68,835,886	75,900,502	77,054,480
Total equity	22,584,093	25,868,533	26,093,632	26,538,289	22,856,185

Financial Highlights (Continued)

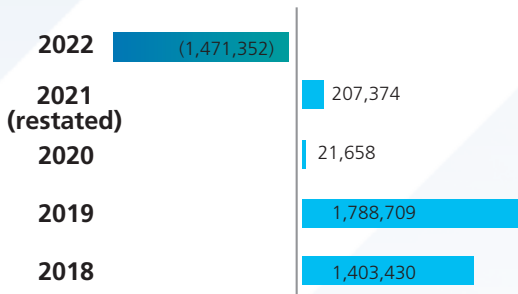
REVENUE BY BUSINESS

RMB'000



(LOSS)/PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY

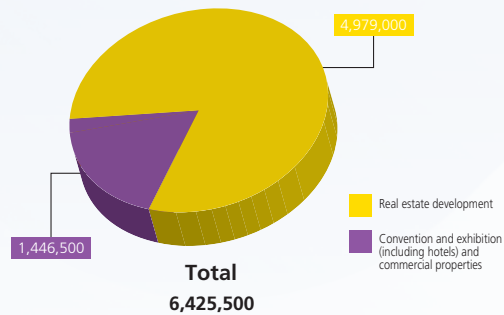
RMB'000



GROSS AREA OF PROPERTY PORTFOLIO

m²

For the year ended 31 December 2022



Chairman's Report

Dear Shareholders,

On behalf of the board of directors (the "Board"), I am pleased to present you the operating results of the Company for the year ended 31 December 2022.

As of 31 December 2022, according to the Hong Kong Financial Reporting Standards ("HKFRS"), during the Reporting Period, the Company recorded an operating revenue of RMB12,988,940,000 representing a year-on-year decrease of 41.45%. Loss before tax amounted to RMB803,113,000, representing a year-on-year decrease of 150.49%. Loss attributable to Ordinary Shareholders amounted to RMB1,471,352,000, representing a year-on-year decrease of RMB1,678,726,000. In particular, the after-tax core operating results of the principal activities of the Company (excluding losses arising from the changes in fair value) recorded a loss of RMB1,332,714,000, representing a year-on-year decrease of 532.63%. Loss per share was RMB0.4370.

Looking back on 2022, in the face of complex environment both domestically and internationally, the Company assessed the situation and overcame difficulties, seriously monitored and evaluated the changes in the market conditions, objectively assessed the current status of its business, effectively prevented risks and maintained the stable operation of various business segments. For the real estate development business, the Company quickly adapted to policy and market changes, strengthened the supervision and control over the entire process, rationalized the allocation of financial resources, strived to curb costs and expenses in an effort to consolidate the risk resistance of its real estate development business. In terms of convention and exhibition (including hotels) and commercial properties business, the Company achieved a breakthrough in expanding upstream business of convention and exhibition, continued to boost the scale of its convention and exhibition venue management output business, and further enhanced the professional operation of commercial properties, resulting in a steady progress in the effectiveness of the overall operation of convention and exhibition (including hotels) and commercial properties.

Chairman's Report (Continued)

Looking forward to 2023, the Company will continue to adhere to the operation model of “Convention and Exhibition + Property” and, on the basis of giving full play to the comparative advantages of various business types, build a new pattern of mutual support, complementary advantages and synergic development of each segment to fuel the Company's high-quality development. In terms of real estate development business, the company needs to conduct an in-depth study, evaluate and capitalize on the development trend of the industry, strengthen the overall planning on land reserve, product development and operational management and control, make a long-term plan for steady development, and build a real estate brand with North Star characteristics. In terms of convention and exhibition (including hotels) and commercial properties business, the Company needs to promote digital empowerment and achieve high-quality development. On the one hand, the Capital Convention Group is the platform to actively promote the layout and expansion of the whole industrial chain of the convention and exhibition industry, expand and strengthen the upstream business of convention and exhibition, and develop a first-class international convention and exhibition brand enterprise. On the other hand, with Beijing North Star Commercial Management Co., Ltd. as the platform, we will accelerate the quality and efficiency enhancement of our existing business, continuously improve our professional and market-oriented operation standards, and strive to build a commercial property management brand with its competitiveness in the industry.

I firmly believe that, all the staff members of North Star will, with strong sense of professionalism and high sense of responsibility, strive for building a first-class international convention and exhibition brand enterprise and a unique composite real estate brand enterprise, without disappointing investors who bestow trust on us.

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

By Order of the Board



Li Wei-Dong
Chairman

Management Discussion and Analysis

I. BUSINESS IN WHICH THE COMPANY WAS ENGAGED DURING THE REPORTING PERIOD

The Company's main business includes real estate development, convention and exhibition (including hotels) and commercial properties.

The real estate development business has continued to promote regional cultivation and expansion into new cities in recent years, gradually formed a multi-regional and multi-level development layout on a national scale, engaging in the business of diversified and multi-grade property development and operation involving residence, apartments, villas, office buildings and commercial properties. By the end of the Reporting Period, the development projects and land reserve of the Company are located in 15 core cities, including Beijing-Tianjin-Hebei, the Yangtze River Economic Zone, the Sichuan-Chongqing City Cluster, Hainan Free Trade Port and the Greater Bay Area of Guangdong, Hong Kong and Macau, and has established a synergistic development pattern of multi-business including residence, industrial complex, commercial and property services.

Convention and exhibition (including hotels) business relies on Capital Convention Group to vigorously integrate convention and exhibition resources, continuously strengthening the extension and expansion of new business and new technologies in the convention and exhibition industry. Actively promoting the layout and expansion of the whole industry chain of convention and exhibition, it has become a professional operator of the China International Fair for Trade in Services ("CIFTIS"), a high-end state government activities support service provider, an important carrier for the development of the capital's international convention and exhibition industry, and a benchmark for the digital transformation of the convention and exhibition industry, being committed to building a first-class international convention and exhibition brand.

With the operation model of "Convention and Exhibition + Property", the Company continued to enhance the integration of resources and industry interaction. The Company relies on Beijing North Star Commercial Management Co., Ltd. to operate and manage the business types such as office buildings, apartments and integrated commercial properties ancillary to convention, exhibition and properties professionally. By establishing a unified asset centre management model and empowering the property operation and management with intelligent technology, the Company has built a professional commercial property service brand with light asset output capability.

Management Discussion and Analysis (Continued)

II. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

The Company's advantages and core competitiveness are mainly reflected in the integrated influence in the development and operating capacity of composite real estate and comprehensive brand influence of its convention and exhibition business. The real estate development business, presenting in multi-type and large-scale form, has become the source of revenue growth for the Company; and its leading convention and exhibition business and professional and branding businesses such as hotels, office buildings, apartments and integrated commercial properties in the PRC provide a basis for stable income for the Company. Such two segments are interdependent and mutually reinforcing, thus giving escort for the steady and healthy development of the Company.

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

On the other hand, with more than 20 years of experience in exhibition and hotel professional operation and the ability to provide internationalized operation service standards and teams, the Company continues to promote the layout and expansion of the whole industry chain in the areas of sponsoring and undertaking conventions and exhibitions, high-end state and government activities support services, management output of convention and exhibition venues and hotels, and convention and exhibition research. Currently, it is now one of the largest operators of convention and exhibition venues in China, with growing brand recognition and influence. In recent years, it has successfully delivered hosting services for an array of national, integrated and international conferences such as the Beijing Olympic Games, APEC summit, G20 Hangzhou Summit, "Belt and Road" Forum for International Cooperation, BRICS Xiamen Summit, the Qingdao Summit of Shanghai Cooperation Organization, Beijing Summit of the Forum on China-Africa Cooperation, CIFTIS, Beijing Winter Olympics and Beijing Paralympic Winter Games, creating a globally renowned service brand of North Star.

In addition, fully utilizing the advantages of the "headquarters financing" and leveraging its good credit level and risk management and controlling ability, the Company has established long-term and stable strategic cooperation relations with many banks and financial institutions, and as a result, boasts remarkable advantages in terms of loan interest rates. In the meantime, the Company actively develops diversified financing channels such as medium-term notes, corporate bonds, asset securitization, continuously optimizes its overall debt structure, and maintains its advantage of low financing cost, thus effectively enhancing the risk aversion capacity of the Company.

Management Discussion and Analysis (Continued)

III. Development of Our Industry

In 2022, in the face of complex environment both domestically and internationally, China ramped up efforts in macroeconomic control to respond to the impact arising from various unexpected factors. The overall economic strength continued to grow with steady improvement in development quality. The deepening of reform and opening-up in an all-round manner contributed to the stable employment rate and price level. The overall economic and social development remained stable, with the annual growth rate of GDP reaching 3.0%.

1. Real Estate Development

In 2022, China's real estate market entered a phase of in-depth adjustments. On the basis of adhering to the general tenor of "housing for living instead of speculation", the government released positive signals repeatedly and optimized the regulatory policies. In order to stimulate the demand for properties, various local governments successively introduced a number of policies such as lowering down payment ratios and mortgage rates, increasing efforts in recruiting talents, granting housing subsidies and raising the credit limit of provident fund loans, in a bid to accelerate the unleashing of both rigid housing demand and demand for improved homes. Various central departments and local governments provided financial support to real estate enterprises through multiple channels to stabilize the supply of properties, optimizing the supervision of pre-sale funds and expediting the implementation of the policy of "procuring the delivery of properties and stabilizing people's livelihood". The entire policy environment of the industry has entered into a cycle of relaxation.

Overall, despite favorable policies being introduced frequently for both sides of the supply and demand, residents' willingness to buy houses has continued to weaken with more home foreclosures due to the increasing downward pressure on the economy. Given that the sluggish market trading remained unchanged and property prices showed a downward trend, the overall recovery trend of the real estate market was not as expected. According to the statistics provided by the National Bureau of Statistics (the same applied hereinafter), commodity housing sales area in the real estate market of the PRC in 2022 was 1,146.30 million square meters, representing a year-on-year decrease of 26.77%, and the average sales price of commodity housing was RMB10,185 per square meter, representing a year-on-year decrease of 2.03%.

Among the first-tier cities, the transaction volume of commodity housing market in Beijing declined significantly, with a structural increase in the average transaction price and an increase in inventory scale. The transaction area of commodity housing market in Shanghai, Shenzhen and Guangzhou dropped significantly. The transaction volume of commodity housing market in the second-, third- and fourth-tier cities decreased significantly. The average transaction price, in general, remained flat in the first half of the year and continued to decline in the second half of the year as a result of discount promotions launched by real estate enterprises and other factors.

Management Discussion and Analysis (Continued)

2. Convention and Exhibition (Including Hotels) and Commercial Properties

In 2022, various domestic convention and exhibition companies actively carried out business innovation and expanded their business by combining online and offline exhibitions, online promotion sessions and online conferences, which demonstrated a growing trend of digital transformation of the convention and exhibition industry. However, due to the policy of prohibiting large gatherings promulgated in various regions under the impact of the economic environment, convention and exhibition projects nationwide were substantially scaled down, as a result of which the decline in revenue remained serious. The performance of hotel industry was under pressure and recorded a decrease in the occupancy rate. The net absorption in the office market declined significantly with rising vacancy rates and falling rental levels in general. The average rental in the apartment market declined slightly.

IV. OPERATING DISCUSSION AND ANALYSIS

In 2022, the Company coordinated the pandemic prevention and control with business development by focusing on its main business, integrating resources, strengthening control and preventing risks, thus continuously driving the synergic development of real estate, convention and exhibition (including hotels) and commercial properties sectors.

1. Real Estate Development

Against the backdrop of the intensified differentiation in the real estate market and frequent occurrence of debt risk events, the Company adhered to a prudent business strategy and strived to improve its risk prevention ability relating to the real estate development business.

Tightening collection of sales proceeds and cutting excess inventory. In active response to the challenges of the industry, the Company established targeted marketing strategies, strengthened digital promotion means, including the launch of “North Star Cheng Xiangjia Mini Programme”, broadened multi-channel publicity efforts, and innovated holiday marketing campaigns to accelerate the reduction of excess inventory for proceeds. During the Reporting Period, the Company achieved contracted sales amount of RMB12,424,000,000 (including parking places) and contracted sales area of 616,300 square meters. In particular, all three key operating indicators, namely, sales amount, sales proceeds and operating income, of Changsha Urban Center exceeded RMB2 billion. All the units of Hangzhou Urban Centre – Lingchao Mansion project were sold out upon launch, with a delivery rate of over 90%. Haikou Urban Centre – North Star Changxiu Shijia, an affordable housing project, became the benchmark of the regional affordable housing project with contracted sales amount of RMB1.13 billion. Beijing Urban Centre – Lanjing project seized the window period of the market and sold all the residential units two months ahead of schedule with contracted amount of RMB2.58 billion.

Strengthening process control and intensifying risk prevention. With stepped-up efforts, the Company performed regular sorting and analysis on the capital lines, including sales, settlement, fund supervision and debt maturity, and business lines, including development, marketing, operation and construction of its key projects, implemented strict control over the entire process and improved the risk assessment mechanism. The Company also intensified the compliance review of cooperation projects to prevent project risk spillovers. Besides, it strengthened the strategic centralized procurement to reduce procurement costs and cut down fixed expenditures in an effective manner.

Management Discussion and Analysis (Continued)

Promoting refined management and improving operation level. The Company summarized project development experience, comprehensively promoted the development of big operation management system from the aspects of target management, resource control, profit planning and indicator evaluation, set reasonable project targets and positioning, reinforced the planning and management of land resources and sales resource, enabled full-cycle and all-profession profit control and improved business indicator measurement standards to safeguard project quality and improve operation level.

Accelerating project construction and ensuring smooth delivery. While focusing on risk prevention and strengthening cash collection, the Company attached great importance to corporate responsibility. It highlighted residential quality assurance, accelerated the progress of project construction, formulated special construction schedule, and had designated person(s) to perform site supervision and pre-delivery inspection in a strict manner to ensure high-quality delivery as contracted. During the year, approximately 4,000 residential units were delivered in 9 batches.

2. Convention and Exhibition (Including Hotels) and Commercial Properties

The Company seized the opportunity to integrate resources and accelerate digital empowerment to minimize the impact of the economic environment on the business of the Company.

(1) *Convention and Exhibition (Including Hotels)*

Providing outstanding services for the Beijing Winter Olympic Games and Winter Paralympic Games. InterContinental Beijing Beichen Hotel, Beijing North Star V-Continent Beijing Parkview Wuzhou Hotel, Beijing Continental Grand Hotel and the National Convention Center of the Company were selected as the venues for hotels for the Olympic family. As the headquarters of the International Olympic Committee and the International Paralympic Committee at the time of the event and the command center for event operation and coordination, they were responsible for receiving the principal officials of the Olympic Committee. The National Convention Center Hotel and the Asian Games Village Hotel, as contracted hotels were responsible for receiving the media and technical officials of the Winter Olympics. The Company gave full play to its experience in providing professional services over the years, made efforts in both venue reconstruction and service improvement, and completed relevant services for the Winter Olympic Games and Winter Paralympic Games in Beijing successfully with zero complaints from media services, zero accidents from venue operations and zero infection cases from team staff, once again demonstrating our demeanor of “Beijing Service” to the world with North Star standard and further enhancing the Company’s brand influence.



Exterior of Phase I and Phase II of the National Convention Center during CIFTIS 2022

Management Discussion and Analysis (Continued)

Actively expanding upstream business of convention and exhibition. As a professional operator of the CIFTIS, Capital Convention (Group), a subsidiary of the Company, has been actively promoting the market-oriented and professional operation of CIFTIS. In 2022, CIFTIS was presented in the form of “One Fair, Two Halls, Three Venues”. In particular, for the first time, both phase I and phase II of the National Convention Center were opened to the public, increasing the exhibition area to 152,000 square meters. 2,441 companies attended the CIFTIS offline, aggregately attracting 275,000 visitors during the exhibition period, representing a further improvement in the scale, quality and marketability of the exhibition. In addition, the Company accelerated the expansion of the upstream business of convention and exhibitions, and the upstream industrial chain of convention and exhibition has been further improved. During the Reporting Period, Capital Convention (Group) entered into a cooperation agreement with Beijing Gas Group and becomes the exclusive organizer of the 29th World Gas Conference (WGC2025). Besides, the Company actively participated in the bidding for hosting Sibos2024, introduced the China Beijing International Audiovisual Conference and the Beijing International Medical Beauty Industry Development and Products Expo; successfully hosted the 1st International Exhibition Economic Development Forum and the 4th Western China Supply Chain and Logistics Technology and Equipment Expo; and undertook the 33rd China Refrigeration Expo.

Steadily pushing forward entrusted management business. During the Reporting Period, the Company entered into agreements in relation to the entrusted management of 6 venues and hotels and 6 consultancy projects in Guilin, Beijing, Dezhou, Nanjing and Zhuhai, etc. To date, the Company has expanded its exhibition venue and hotel management business into 29 cities across China, covering Beijing-Tianjin-Hebei, Guangdong-Hong Kong-Macao, Chengdu-Chongqing and other important strategic development areas in China, and owns 58 venue and hotel consultancy projects and 41 entrusted venues and hotel management projects, with a total area of 3.88 million square meters under management, enabling the Company to continuous expand market share and maintain its leading position in the industry.

Management Discussion and Analysis (Continued)

Table 1: Convention and exhibition venues and hotel projects under entrusted management of the Company as of to date

No.	Location	Project Name
1	Beijing City	Beijing Jinhai Lake International Convention & Exhibition Center
2		Shougang Convention & Exhibition Center
3	Zhangjiakou City, Hebei Province	Chongli International Convention & Exhibition Center and ancillary hotels
4		North Star V-Continent Zhangjiakou Crown Hotel
5		North Star V-Continent Zhangjiakou Huai'an Garden-style Hotel
6		North Star V-Continent Zhangjiakou Wanquan Hotel
7	Shijiazhuang City, Hebei Province	Shijiazhuang International Convention & Exhibition Center
8	Xiong'an New District, Hebei Province	Xiong'an Business Service Convention and ancillary hotel
9	Langfang City, Hebei Province	North Star V-Continent Hebei Yongqing Yinfeng Hotel
10	Chifeng City, Inner Mongolia Autonomous Region	North Star V-Continent Chifeng Hotel
11	Tonghua City, Jilin Province	North Star V-Continent Tonghua Wanfeng Crown Hotel
12	Datong City, Shanxi Province	North Star V-Continent Datong Executive Apartment
13	Yinchuan City, Ningxia Hui Autonomous Region	Ningxia International Hall
14	Qingdao City, Shandong Province	Qingdao International Convention Center
15		Qingdao Shanghe International Convention Center
16	Dezhou City, Shandong Province	Dezhou Tianqu Expo Plaza
17	Weihai City, Shandong Province	Weihai International Economic and Trade Exchange Center and ancillary hotels
18	Nyingchi City, Tibet Autonomous Region	V-Continent Nyingchi Hotel
19	Chengdu City, Sichuan Province	Conference Center and ancillary hotel of Chengdu Airport Industrial Service Zone Construction Project
20	Chongqing City	Chongqing BBMG V-Continent Crown Hotel
21		Chongqing BBMG V-Continent Crown Executive Apartment

Management Discussion and Analysis (Continued)

No.	Location	Project Name
22	Wuhan City, Hubei Province	North Star V-Continent Wuhan China Communications City Crown Hotel
23	Changsha City, Hunan Province	North Star V-Continent Changsha China Communications International Center Crown Hotel
24	Yichun City, Jiangxi Province	North Star V-Continent Jiangxi Hongwei Crown Hotel
25	Guilin City, Guangxi Zhuang Autonomous Region	Guilin International Convention & Exhibition Center
26	Lianyungang City, Jiangsu Province	Lianyungang Land Bridge Convention Center and ancillary hotels
27	Taizhou City, Jiangsu Province	Taizhou China Medical City Exhibition Center
28	Nantong City, Jiangsu Province	Nantong International Convention & Exhibition Center and ancillary hotels
29	Nanjing City, Jiangsu Province	Nanjing Yangtze International Convention Center and ancillary hotel
30		V-Continent Nanjing Executive Apartment
31		North Star V-Continent Nanjing Wangyudao Garden-style Hotel
32		Nanjing V-Continent Crown Hotel
33	Huzhou City, Zhejiang Province	Deqing International Convention Center
34	Hangzhou City, Zhejiang Province	Hangzhou International Expo Center and ancillary hotels
35		Hangzhou Future Sci-Tech City Academic Exchange Center
36	Fuzhou City, Fujian Province	Fuzhou Digital China Convention & Exhibition Center
37	Guangzhou City, Guangdong Province	Guangzhou Xiangxue V-Continent Crown Hotels
38	Huizhou City, Guangdong Province	North Star V-Continent Huidong Executive Apartment
39	Zhuhai City, Guangdong Province	Zhuhai International Convention & Exhibition Center
40		Zhuhai Jinyie V-Continent Crown Hotel
41		Zhuhai V-Continent Athletes Apartment

Management Discussion and Analysis (Continued)

Deepening industry analysis on convention and exhibition industry. The Company played the role of a think tank to support the development of the convention and exhibition industry. It undertook the project of the “Research on the Development of Beijing Exhibition Industry in the New Era” of Beijing Municipal Commerce Bureau and publish the “China Exhibition Index Report (2021)” to provide intellectual support for the introduction and implementation of the development planning of Beijing exhibition industry during the “14th Five-Year Plan” period, and promoted the integration of production and education to develop convention and exhibition talents.

Accelerating digital transformation of convention and exhibition. Taking the opportunity of hosting the 2022 CIFTIS, the Company strengthened the research and development and application of digitalization and intelligentization in conventions and exhibitions, and continued to promote the interconnection and in-depth multiple-scenario integration of digital information. The Company has completed the construction of functional modules such as the CIFTIS APP cloud conference, cloud live broadcast and cloud negotiation to build up a digital platform for the CIFTIS, developed an online certificate system, a booth sales system and a public CRM system to improve customer experience, and launched an exhibition knowledge management system which classifies and stores the exhibition and related industry information in a digital way to be effectively applied to employee training and business expansion, and ultimately to be developed as a comprehensive cloud analysis service platform for industry development consulting, competition intelligence analysis and enterprise management consulting.

(2) Commercial Properties

Establishing a commercial management company to gather synergy. In order to improve the comprehensive operating efficiency of commercial properties, the Company invested in the establishment of a wholly-owned subsidiary, Beijing North Star Commercial Management Co., Ltd. (北京北辰商業管理有限公司), with an aim to drive the synergic development of office buildings, apartments, integrated commercial properties and other business types with convention and exhibition as a leading player. On the basis of achieving refined management of self-owned properties, the Company will build a professional commercial property service brand with light asset output capability, thereby creating a new strategic support point for the Company.

Proactively adjusting marketing strategy to stabilize operation. In respect of the office buildings business and apartments business, the Company has proactively expanded its sales channels, constantly exploring potential customer resources and developing precise sales strategies, resulting in a steady occupancy rate.

3. Financing

The Company has systematically formulated capital management and control measures, such as strengthening multi-channel financing, intensifying cash flow management, continuously optimizing debt structure and consolidating the margin of financial safety. During the Reporting Period, the Company has completed the issuance of the 2022 first tranche, second tranche of medium-term notes and 2022 corporate bonds, respectively, with the fund raised amounting to RMB3.307 billion and the coupon rate being maintained at a relatively industry-low level.

Management Discussion and Analysis (Continued)

V. MAJOR BUSINESS CONDITIONS DURING THE REPORTING PERIOD

In 2022, the Company recorded an operating revenue of RMB12,988,940,000, representing a year-on-year decrease of 41.45%. The Company's loss before tax and loss attributable to ordinary shareholders amounted to RMB803,113,000 and RMB1,471,352,000, respectively. In particular, the after-tax core operating results of the principal activities (excluding losses arising from the changes in fair value) of the Company recorded a loss of RMB1,332,714,000, representing a year-on-year decrease of 532.63%. Losses after tax attributable to ordinary shareholders arising from the changes in fair value of convention (including hotels) and commercial properties amounted to RMB138,638,000 during the year. Losses per share were RMB0.4370.

In particular, for the real estate development segment, due to the impacts of the macroeconomic control and settlement cycle, the areas to be settled decreased. As such, operating revenue reached RMB10,964,541,000 (including parking spaces), representing a year-on-year decrease of 45.53%, while the Company has made provision for the impairment of inventories for certain real estate projects, and loss before tax was RMB608,149,000. Due to the impact of the economic environment, operating revenue from the convention (including hotels) and commercial properties segment reached RMB1,881,782,000, representing a year-on-year decrease of 1.48%, and loss before tax was RMB95,479,000. Impairment assessed during the Reporting Period was RMB244,246,000.



Changsha North Star Delta (Demonstration Diagram of A2)



Delivery of Phase III of Langfang North Star Xianglu on 28 September 2022



Changsha North Star International Convention Centre



CIFTIS 2022 was held in Shougang Park

Management Discussion and Analysis (Continued)

Table 2: Real Estate Projects during the Reporting Period

Unit: square meter

No.	Project name	Location	Operating state	Project status	Project interests	Total investment (RMB'000 million)	Total investment during the reporting period (RMB'000 million)	Total floor area	Planned plot ratio-based gross floor area	Equity area	Land area held for development	New construction area during the reporting period	Accumulated development area	Floor area under construction during the reporting period	Completed area during the reporting period	Accumulated completed area	Stable area during the reporting period	Contracted area during the reporting period	Booked area during the reporting period	Booked revenue during the reporting period (RMB'000)	Area to be booked at the end of the reporting period
1	Beijing North Star Xianglu Villa	Haidian, Beijing	Residence	Completed	100%	28.39	-	372,100	230,000	-	-	-	312,100	-	-	312,100	305	305	1,221	5,305	728
2	Beijing North Star Red Oak Villa	Changping, Beijing	Villa	Under Construction	100%	34.00	1.40	267,500	150,000	-	-	-	213,700	40,200	-	193,500	26,067	465	1,528	8,132	1,276
3	Beijing Moxian North Star Yue MOVA	Shunyi, Beijing	Self-occupied commercial housing, low-rise housing	Under Construction	50%	23.47	-	52,800	109,300	54,700	-	-	132,500	1,400	-	131,100	9,122	-	85	105	2,014
4	Beijing North Star Villa 1900	Shunyi, Beijing	Residence	Completed	100%	24.45	-	101,200	140,000	-	-	-	213,300	-	-	213,300	18,864	5,122	8,485	29,282	1,104
5	Beijing Co. Ltd.	Haidian, Beijing	Villa	Completed	100%	-	-	6,100	-	-	-	-	6,100	-	-	6,100	3,597	3,597	11,789	-	-
6	Beijing Jinchun Mansion	Changping, Beijing	Residence	Completed	51%	53.17	0.54	86,600	170,400	86,600	-	-	280,100	-	-	280,100	105,091	19,866	18,151	83,338	3,913
7	Beijing Longji North Star Leifeng	Manliusu, Beijing	Residence	Newly commenced	34%	24.78	1.42	26,000	66,200	23,300	-	104,100	104,100	-	-	-	64,253	49,739	-	-	-
8	Chengde North Star Dala	Chengde, Hubei	Residence, commercial and office building	Under Construction	100%	40.08	13.82	780,000	3,820,000	-	446,700	-	4,768,300	334,300	-	4,440,000	157,835	99,054	12,706	20,057	271,511
9	Chengde North Star Central Park	Chengde, Hubei	Residence	Completed	51%	26.03	1.82	336,300	720,000	367,200	-	-	927,100	161,800	161,800	927,100	33,429	17,365	118,400	133,378	12,443
10	Chengde North Star Shiguang	Chengde, Hubei	Residence and commercial	Completed	100%	12.28	1.45	27,700	145,400	107,300	-	-	145,400	145,400	145,400	145,400	40,165	13,542	75,349	68,225	3,254
11	Wuhan North Star Moem Yu+	Wuhan, Hubei	Residence and commercial	Completed	45%	21.00	0.05	104,700	241,100	108,500	-	-	313,300	-	-	313,300	1,989	1,927	-	-	-
12	Wuhan North Star Gaoguli	Wuhan, Hubei	Commercial service	Under Construction	51%	25.81	1.76	84,200	450,000	171,900	194,800	-	357,200	75,100	-	282,100	11,332	3,220	5,983	8,473	3,584
13	Wuhan Blue City	Wuhan, Hubei	Residence and commercial	Under Construction	100%	102.88	3.04	363,000	980,100	716,000	-	-	762,400	17,000	-	745,400	53,131	7,846	11,326	11,305	2,331
14	Wuhan Gensde • North Star One City	Wuhan, Hubei	Residence	Completed	51%	135.1	0.44	41,800	178,900	127,000	64,800	-	183,800	-	-	183,800	1,600	568	1,257	2,544	-
15	Wuhan North Star Peacock City	Wuhan, Hubei	Residence	Completed	60%	9.88	0.08	75,200	224,400	103,700	-	-	224,400	-	-	224,400	35,916	-16	7,530	42,44	549
16	Wuhan North Star Jinchuan (Lot 067)	Wuhan, Hubei	Residence and commercial	Completed	80%	12.42	1.36	50,500	183,900	126,200	101,000	-	183,900	183,900	183,900	183,900	64,759	31,773	23,336	16,726	36,117
17	Wuhan North Star Jinchuan (Lot 068)	Wuhan, Hubei	Residence and commercial	Under Construction	80%	16.38	1.05	63,200	277,700	158,100	168,500	-	277,700	227,700	-	-	-	-	-	-	-
18	Wuhan North Star Jinchuan Time	Wuhan, Hubei	Residence and commercial	Completed	48%	18.72	0.88	50,500	151,400	74,200	-	-	212,100	165,800	165,800	212,100	35,702	14,034	-	-	-
19	Hegzhou North Star Shuang Project	Hegzhou, Zhejiang	Residence and commercial	Completed	80%	25.29	0.29	83,900	315,500	253,000	188,000	-	317,500	-	-	317,500	7,294	87	474	2,684	88
20	Hegzhou Guoyue Bay Lot	Hegzhou, Zhejiang	Residence and commercial	Completed	53%	14.85	-	41,900	184,400	75,000	26,300	-	184,400	-	-	184,400	-	-	-	-	-
21	Hegzhou Guoshou	Hegzhou, Zhejiang	Residence	Completed	100%	17.16	0.97	21,900	69,900	48,200	-	-	69,900	-	-	69,900	-	-	-	-	441
22	Hegzhou Jintu Dahu Ying	Hegzhou, Zhejiang	Residence and commercial	Completed	25%	5.30	0.03	57,400	239,700	144,000	36,000	-	239,700	-	-	239,700	-	-	-	-	-
23	Hegzhou Lingzao Mansion	Hegzhou, Zhejiang	Residence	Completed	100%	12.92	1.40	12,200	44,400	25,700	-	-	44,400	44,400	44,400	44,400	22,497	21,687	21,571	74,689	116

Management Discussion and Analysis (Continued)

No.	Project name	Location	Operating state	Project status	Project interests	Total investment (RMB'000 million)	Actual investment amount during the Reporting Period (RMB'000 million)	Project area	Total floor area	Planned plot ratio-based gross floor area	Equity area	Lead area held for development	New construction area during the Reporting Period	Accumulated development area	Floor area under construction during the Reporting Period	Completed area during the Reporting Period	Accumulated completed area	Startable area during the Reporting Period	Contracted area during the Reporting Period	Booked area during the Reporting Period	Booked revenue during the Reporting Period (RMB'000)	Area to be booked at the end of the Reporting Period	
24	Hengzhou North Star Cereon Lancheng	Hengzhou, Zhejiang	Residence	Under Construction	100%	32.18	4.97	69,000	276,900	179,300	-	-	-	276,900	276,900	-	-	38,229	3,914	-	-	3,914	
25	Ningbo Becheru	Ningbo, Zhejiang	Residence	Completed	100%	45.20	0.67	47,300	181,700	137,400	-	-	-	181,700	181,700	-	-	6,684	791	930	3,720	684	
26	Ningbo Mersin • Jilian	Ningbo, Zhejiang	Residence and commercial	Completed	51%	34.33	0.76	13,000	404,800	292,600	149,200	-	-	404,800	404,800	-	-	900	784	864	2,374	786	
27	Ningbo Xiangji Bay	Yuzao, Zhejiang	Residence	Under Construction	100%	22.43	3.31	68,700	166,500	116,800	-	-	-	166,500	166,500	-	-	61,507	21,145	-	-	73,201	
28	Ningbo North Star CFF Park Jinling	Ningbo, Jiangsu	Residence	Completed	51%	14.73	0.03	25,300	105,000	70,700	38,100	-	-	105,000	-	-	-	16,000	-	-	-	250	
29	Subou North Star CFF Park No. 1 Mersin	Subou, Jiangsu	Residence and commercial	Completed	53%	17.28	0.04	178,700	273,900	183,300	90,300	-	-	273,900	-	-	-	273,900	94	912	912	1,304	
30	Subou Guairan Mersin	Subou, Jiangsu	Residence and commercial	Under Construction	100%	65.70	4.36	170,000	362,900	288,800	-	-	-	362,900	165,400	-	-	284,500	86,877	36,324	36,133	52,424	11,117
31	Wuxi Tianyuan	Wuxi, Jiangsu	Residence	Completed	48%	28.60	0.19	83,000	254,400	196,000	96,000	-	-	254,400	-	-	-	254,400	-	-	-	-	
32	Wuxi Times City	Wuxi, Jiangsu	Residence	Under Construction	40%	46.79	0.58	137,900	536,400	413,800	165,500	-	-	536,400	-	-	-	536,400	-	-	-	-	
33	Chengdu North Star Langshi	Chengdu, Sichuan	Residence and commercial	Completed	40%	9.83	0.09	63,600	237,000	138,600	83,400	-	-	237,000	-	-	-	237,000	2,989	862	962	1,780	735
34	Hebei North Star • Xiangju	Chengde, Sichuan	Residence and commercial	Completed	100%	16.16	0.44	40,400	146,300	96,900	-	-	-	146,300	-	-	-	146,300	919	317	725	1,633	398
35	Chengdu North Star • Lake Xiangju	Chengde, Sichuan	Residence	Completed	100%	26.25	0.87	83,000	297,100	210,000	-	-	-	297,100	-	-	-	297,100	11,913	2,243	4,165	6,327	841
36	Chengdu North Star Ring Phase	Chengde, Sichuan	Residence and commercial	Completed	100%	18.03	0.65	26,600	120,000	79,800	-	-	-	120,000	-	-	-	120,000	20,304	11,310	16,353	3,092	2,322
37	Chengdu North Star Luming Mersin	Chengde, Sichuan	Residence and commercial	Completed	80%	22.00	1.69	80,100	277,300	167,300	128,200	-	-	277,300	-	-	-	277,300	63,658	16,361	102,666	152,411	9,853
38	Sichuan North Star Guzoudi	Meishan, Sichuan	Residence and commercial	Completed	100%	16.32	1.18	59,900	197,400	149,800	-	-	-	197,400	-	-	-	197,400	67,053	32,862	31,884	240,115	15,388
39	Sichuan North Star Longshui	Meishan, Sichuan	Residence and commercial	Under Construction	100%	15.08	2.63	63,900	126,600	84,000	-	-	-	126,600	-	-	-	126,600	33,064	4,646	-	-	
40	Langfang North Star Xiangju	Langfang, Hebei	Residence and commercial	Under Construction	100%	31.28	4.30	140,700	357,700	296,800	-	-	-	357,700	-	-	-	212,600	86,642	27,713	44,686	48,182	15,747
41	Langfang North Star Blue City (Lot 2018-4)	Langfang, Hebei	Residence	Under Construction	100%	24.56	1.58	82,500	246,600	164,800	-	-	-	151,900	246,600	245,600	-	-	-	-	-	-	-
42	Langfang Xiangju II (Lot 2019-3)	Langfang, Hebei	Commercial	In the pipeline	100%	5.45	0.39	21,100	72,800	52,800	-	-	-	-	-	-	-	-	-	-	-	-	
43	Langfang North Star (Lot 2020-5)	Langfang, Hebei	Residence	In the pipeline	100%	13.43	0.74	46,200	138,300	92,000	-	-	-	-	-	-	-	-	-	-	-	-	
44	Hebei North Star CFF Park Mersin • Xiangju	Hebei, Anhui	Residence and commercial	Completed	53%	21.07	0.15	141,700	562,200	239,000	119,500	-	-	562,200	-	-	-	388,200	1,271	654	1,631	2,616	889
45	Chongqing Tuda No.1	Yubei, Chongqing	Residence and commercial	Under Construction	100%	115.93	11.38	429,100	1,274,000	916,600	-	-	-	1,274,000	691,800	222,800	665,300	1,639,111	263,848	154,034	183,147	66,159	
46	Chongqing North Star Xiangju	Yubei, Chongqing	Residence and commercial	Under Construction	100%	24.64	3.51	68,200	150,400	102,200	142,200	-	-	150,400	-	-	-	150,400	67,705	12,888	-	-	46,632
47	North Star Mersin in Hebei	Heilong, Heilun	Residence and commercial	Under Construction	78%	36.31	3.32	106,800	281,100	206,000	142,200	-	-	281,100	117,900	75,800	258,900	681,444	23,654	35,494	25,750	71,139	84,519
48	Heilong North Star Chongju Shiye	Heilong, Heilun	Residence	Completed	100%	12.26	2.63	30,500	134,700	106,800	-	-	-	134,700	134,700	-	-	134,700	106,365	92,776	25,750	28,336	67,026
49	Guangzhou Langji Xiangju (Lot 116)	Guangzhou, Guangdong	Residence and commercial	Under Construction	51%	12.00	0.43	25,300	113,700	77,800	30,700	-	-	113,700	-	-	-	113,700	-	-	-	-	
50	Guangzhou Langji Xiangju (Lot 114)	Guangzhou, Guangdong	Residence and commercial	Under Construction	48%	9.68	0.92	25,100	110,600	76,800	37,500	-	-	110,600	-	-	-	110,600	25,485	9,159	-	-	

Management Discussion and Analysis (Continued)

Notes:

1. Total investment represents the estimated total investment amounts for each project.
2. Planned plot ratio-based gross floor area and equity area represent the data calculated with reference to the conditions of assignment at the time of project auction.
3. Equity area (i.e. area of cooperative development projects) represents the plot ratio-based gross floor area attributable to the percentage of interest in the Company.
4. Land area held for development represents the gross construction area of undeveloped portion of project land.
5. During the Reporting Period, total land reserve of the Company was 4,979,000 square meters, representing a year-on-year decrease of 15.00%; equity land reserve was 4,433,000 square meters, representing a year-on-year decrease of 14.67% with no newly added real estate reserve; New construction area was 507,700 square meters, representing a year-on-year increase of 10.73%; area for new and resumed construction was 4,248,600 square meters, representing a year-on-year decrease of 23.73%; the completed area was 1,437,600 square meters, representing a year-on-year decrease of 19.81%; sales area was 616,300 square meters, representing a year-on-year decrease of 35.10%; sales amount was RMB12,424,000,000, representing a year-on-year decrease of 25.78%; settlement area was 769,900 square meters, representing a year-on-year decrease of 41.75%; the settlement amount was RMB10,965,000,000, representing a year-on-year decrease of 45.53%; the area to be booked as at the end of the Reporting Period was 740,400 square meters, representing a year-on-year decrease of 25.23%.

Management Discussion and Analysis (Continued)

Table 3: Leasing of Real Estate during the Reporting Period

Unit: 0'000 Currency: RMB

No.	Region	Project	Operation format	Construction area of the real estate leased (square meter)	Rental income of the real estate leased	Equity proportion (%)
1	No. 7 Tian Chen Dong Road, Chao Yang District, Beijing	China National Convention Center	Convention and exhibition	270,800	23,394	100
2	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Beijing International Convention Center	Convention and exhibition	58,000	5,925	100
3	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Bin Plaza	Office building	37,800	6,125	100
4	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Xin Plaza	Office building	40,900	5,404	100
5	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	North Star Times Tower	Office building	131,300	16,926	100
6	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	North Star Century Center	Office building	149,800	22,276	100
7	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Zhen Building Property	Office building	8,400	1,853	100
8	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Beijing Continental Grand Hotel	Hotel	42,000	5,743	100
9	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	National Convention Centre Hotel	Hotel	42,900	4,716	100
10	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	V-Continent Beijing Parkview Wuzhou Hotel	Hotel	60,200	6,419	100
11	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	Intercontinental Beijing Beichen Hotel	Hotel	60,000	8,572	100
12	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Intercontinental Changsha	Hotel	79,200	11,970	100
13	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Yuan Apartment	Apartment	184,300	17,716	100
14	A13 Beiyuan Road, Chao Yang District, Beijing	B5 Commercial Area of North Star Green Garden	Commercial	49,700	3,549	100

Management Discussion and Analysis (Continued)

No.	Region	Project	Operation format	Construction area of the real estate leased (square meter)	Rental income of the real estate leased	Equity proportion (%)
15	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Changsha North Star Delta Joy City	Commercial	100,000	10,177	100
16	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Changsha North Star International Convention Centre	Convention and Exhibition	39,100	2,856	100
17	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Changsha North Star International Hotel	Hotel	62,500	5,794	100
18	No. 9, Gaoxin 2nd Road, Hongshan District, Wuhan City, Hubei Province	Wuhan Guangguli	Commercial	29,600	3,317	51

Notes:

- The B5 Commercial Area of North Star Green Garden has been leased to Beijing Shopin Retail Development Co., Ltd. (北京市上品商業發展有限責任公司) since August 2016.
- Construction area of the real estate leased represents the total construction area of the project.
- The rental income of real estate leased is the operating income of the projects.
- Construction area and operating revenue of North Star Times Tower have included the construction area and operating revenue of the Xincheli Shopping Centre commercial project.
- The above-mentioned properties items 2, 3, 7, 8, 10 and 13 are erected on land leased from BNSIGC for a rental of RMB17,481,349 for the year 2022.

Table 4: Financing of the Company during the Reporting Period

Unit: 0'000 Currency: RMB

Total financing amount as at end of the period	Overall average financing cost (%)	Interest capitalised
2,537,378	5.07	75,430

Management Discussion and Analysis (Continued)

VI. DISCUSSION AND ANALYSIS OF FUTURE DEVELOPMENT

(I) Industry Landscape and Trend

In 2023, by adhering to the general principle of seeking progress while maintaining stability, China will fully, accurately and comprehensively implement new development philosophy, accelerate the construction of a new development pattern, make efforts to promote high-quality development, stimulate market viability and social innovation to a larger extent, boost greater driving force from domestic demand to economic growth and focus on stabilizing growth, employment and prices, so as to maintain economic operation within a reasonable range.

For the real estate development business, China will continue to adhere to the general keynotes of “housing for living instead of speculation”, explore new development models, insist on houses for rent and purchase, accelerate the development of the long-term rental housing market, promote the construction of the housing security system, support the rigid housing needs and home purchases aiming at a better living environment, solve the housing problems of new citizens and young people, stabilize land prices, housing prices and expectations, and promote the virtuous cycle and healthy development of the real estate industry with implementation of policies due to the city policy.

For convention and exhibition (including hotels) and commercial properties, China will regulate and develop the long-term rental housing market and reduce the tax burden on rental housing, providing a sound policy environment for the apartment market. In this regard, the Ministry of Commerce issued the 14th Five-Year Plan for Commerce Development 《“十四五”商務發展規劃》, which proposed to perfect the development and coordination mechanism for convention and exhibition industry, improve regional exhibition platform, create high-level, professional and market-oriented brand exhibitions as well as developing an exhibition model that integrated online and offline businesses. In addition, the National Development and Reform Commission issued the 14th Five-Year Strategic Implementation Plan for Expanding Domestic Demand 《“十四五”擴大內需戰略實施方案》, which proposed to comprehensively boost consumption and proactively develop service consumption. On this basis, the business types such as exhibitions, hotels, office buildings and commercial properties in China will have more room and opportunities for development.

(II) Development Strategy of the Company

By continuing to maintain its strategies focus, the Company will constantly optimize its market-oriented operation mechanism, improve its governance and control capability, promote digital transformation of the industry and build a new pattern featuring mutual support, complementary advantages and coordinated development of the real estate, convention and exhibition and commercial property sectors, thus promoting high-quality development of the Company.



Wuhan Blue City



Demonstration Diagram of Xiong'an Business Service Convention and Exhibition Center

Management Discussion and Analysis (Continued)

1. *Real Estate Development*

The Company will continue to strengthen the overall planning, make a long-term development plan, and strive to build a real estate brand with Beijing North Star characteristics. In terms of land reserve, it will strengthen the land market research, optimize the layout of key areas, deepen the exploration in high-quality cities, reasonably control the scale of land reserve, and scientifically coordinate development plans to ensure the sustainable development of the Company. In terms of product offering, based on the market demand, it will focus on improving the core competitiveness of products and cultivating differentiated competitive advantages, innovating the product system in respect of architectural space, landscape design and technology empowerment to create brand characteristics and enhance brand premium, so as to better meet the demand for new and improved housing. In terms of operation and management and control, it will strive to promote the construction of a large-scale operation system and enhance the awareness of risk prevention and control by strengthening construction progress control to prevent potential delivery risks; strengthening project quality control to improve customer satisfaction; strengthening control over collection of sales proceeds to ensure safety of cash flow; and strengthening control over cost budgeting to enhance fund utilization efficiency.

2. *Convention and Exhibition (Including Hotels) and Commercial Properties*

The Company will focus on serving the overall national plans, the functional construction of the “four centers” of the capital city and the comprehensive development of the city industry, take the lead in the development of the convention and exhibition industry, and strive to develop an international first-class convention and exhibition brand. Meanwhile, it will drive the synergic development of hotels, office buildings, apartments, integrated commercial and other business types, with convention and exhibition as the leading player, and endeavor to build a competitive commercial property management brand in the industry.

In respect of the convention and exhibition business segment, the Company will strengthen strategic planning, closely integrate the convention and exhibition business with the construction of the “four centers” functions as well as the comprehensive development of urban industries, with an aim to lead the development of the industry; expand upstream business, strengthen the integration of resources and strengths, deeply plan independent IP exhibitions, expand the scale of its own exhibition, actively introduce external high-quality resources, and cooperate to organize exhibitions; consolidate the advantages of venue management, strengthen the construction of venue management team, improve venue management standards, innovate the output management mode, and expand the entrusted management market; cultivate hotel management brand, focus on the construction of hotel management standards, talent team and brand system, strengthen market expansion, and improve the scale of output management; and build a leading think tank in the convention and exhibition industry, focus on the forefront of the international convention and exhibition market, strengthen the research on the development trend and industrial policy of the convention and exhibition industry, provide scientific strategy and advice on the development of its convention and exhibition business, and provide in-depth professional reference for the policy formulation of the convention and exhibition industry.

Management Discussion and Analysis (Continued)

In the commercial properties sector, the Company will fully utilize the platform advantages of Beijing North Star Commercial Management Co., Ltd., accelerating the effective transformation from decentralized independent operation to flat unified management, systematically planning the optimization and upgrading, innovation and development of the property resources in the Asian-Olympic district such as office buildings and apartments, and strive to enhance the quality and value of the Company's assets. It will strengthen benchmarking against industry standards, improve operation and management capabilities, regulate and improve service standards, build professional management and operation team, expand business scale in an orderly manner, and promote brand output in due course.

3. *Financing and Capital Expenditure*

Taking into account the market and industry policy changes, the Company will make full use of the "headquarters financing" model, actively expand diversified financing channels, further optimize the structure of assets and liabilities, improve the fund utilization efficiency, effectively reduce expenses, pay attention to the quality of collection of sales proceeds, strengthen cash flow management, improve the Company's overall risk resistance and operation resilience, increase the margin of safety of funds, and ensure the stability of the capital chain.

In 2023, the Company's estimated fixed asset investment is RMB400,000,000, and the payment will be made according to the construction progress. The source of funds will be funded by internal funds.

(III) Scheme of Operations

In 2023, it is estimated that new construction area of the Company's real estate development segment will be 230,000 square meters, the area for new and resumed construction will be 3,087,100 square meters and the completed area will be 1,574,800 square meters. Overcoming the impact of the regulation policy on real estate industry, the Company will strive to achieve sales of 787,100 square meters with contracts signed (including parking spaces) amounting to RMB13 billion.

As for convention and exhibition (including hotels) and commercial properties, the Company will innovate the business development models while upgrading the existing operation service abilities, strengthen the brand impact on upstream and downstream industry chains, and actively cultivate new performance growth points.

(IV) Potential Risks Faced

1. *Market Risk*

The differentiation in real estate market continues to sustain and competition for popular cities and certain prime land parcels among real estate enterprises has become intensively fierce. Land transaction prices remain high, driving up development costs. The situation of large proportion of land costs and difficulty in increasing selling price poses certain risks on enterprises in finance and capital position as well as operational stability.

Management Discussion and Analysis (Continued)

In response to the aforesaid risks, the Company will pay close attention to the development trend of the market, enhance the evaluation of the newly entered cities, and select cities and regions in which market is mature with a favorable investment atmosphere and a relatively rational net inflow of population and housing price-to-income ratio. The Company will continuously optimize development strategies and adhere to an appropriate scale, and be committed to strengthening professional management to shorten the development cycle, accelerate the turnover rate, and improve the cash recovery rate, avoiding market risks.

2. *Policy Risk*

The development of the real estate industry is closely related to the direction of national policies. Despite the relaxation of current industry policies, China has continued to adhere to the keynote of “housing for living instead of speculation”, hence real estate enterprises continued to face risks relating to policies to a certain extent.

In response to the aforesaid risks, the Company will pay close attention to relevant national policies and changes in the macroeconomic environment. The Company will continue to optimize its direction of business development according to the policy orientation based on the actual situation, enhance the sustainable development potential of the real estate development business, and improve its comprehensive competitiveness.

3. *Short-term Risks of Talent Reserve*

As the Company has continuously strengthened its national business layout for real estate development in recent years and steadily advanced the entrusted management of the convention and exhibition venues and hotels and other businesses, it has led to soaring demands for all kinds of talents, especially people with expertise and senior management personnel. The Company may be exposed to the risk of talent shortage in the near future.

In response to the aforesaid risks, the Company set up a talent work leading group, strengthened the combination of internal selection and training with the market-oriented talents introduction, selected professional managers, and fully implemented the contractual management of the tenure system among managers, provided training to corporate leaders and young talents to improve their operation and management capability, and promoted the construction of high-quality professional leaders; accelerated the talent reserve by developing a three-tier talent training system, featuring “Strong Eagle, Flying Eagle, Elite Eagle” (“雄鷹、飛鷹、精鷹”) of the Convention Group and “Navigating, Voyaging, and Sailing” (“領航、遠航、啟航”) of the Real Estate Group; and strengthened the foundation of our talent pool through the introduction and cultivation of fresh graduates and the launch of the “Excellence Training Programme”.

Report on Corporate Governance

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

The Company has fully complied with all the code provisions as set out in the Corporate Governance Code (as effective during the year) contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") during the year.

THE BOARD

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

A total of eight directors currently serve on the Board, including the chairman, four executive directors and three independent non-executive directors.

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

In 2022, in order to ensure the directors being fully informed and accommodate to the needs for their contribution to the Board, all the directors of the Company actively participated in continuing professional development and participated in the themed training relevant to corporate governance organised by the regulatory authorities, and timely studied the laws, regulations and documents issued by regulatory authorities.

Based on the training records provided to the Company by the directors, the directors have participated in the following training during the year ended 31 December 2022:

Name of Directors	Reading regulatory updates/attending training provided by regulatory authorities	Attending internal training sessions/seminars relevant to the business of the Company/directors' duties
Mr. LI Wei-Dong	✓	✓
Ms. LI Yun	✓	✓
Mr. YANG Hua-Sen (Appointed on 23 February 2022)	✓	✓
Ms. ZHANG Wen-Lei	✓	✓
Mr. GUO Chuan	✓	✓
Dr. CHOW Wing-Kin, Anthony	✓	✓
Mr. GAN Pei-Zhong	✓	✓
Mr. CHEN De-Qiu	✓	✓
Mr. CHEN De-Qi (Resigned on 19 January 2022)	✓	✓

Report on Corporate Governance (Continued)

The terms of the independent non-executive directors of the Company have not exceeded the length limitation under the domestic and foreign regulations.

The Board should meet regularly and the Board meetings should be held at least 4 times a year. The Board had met 36 times in total during 2022.

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

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

Directors	No. of meetings attended in person/ No. of meetings held	No. of meetings attended by proxy (Note)/ No. of meetings held
<i>Executive directors</i>		
Mr. LI Wei-Dong	36/36	0/36
Ms. LI Yun	36/36	0/36
Mr. YANG Hua-Sen (Appointed on 23 February 2022)	33/33	0/33
Ms. ZHANG Wen-Lei	35/36	1/36
Mr. GUO Chuan	36/36	0/36
Mr. CHEN De-Qi (Resigned on 19 January 2022)	1/1	0/1
<i>Independent non-executive directors</i>		
Dr. CHOW Wing-Kin, Anthony	35/36	1/36
Mr. GAN Pei-Zhong	36/36	0/36
Mr. CHEN De-Qiu	35/36	1/36

Note: Pursuant to Article 151 of the Articles of Association of the Company, a director can delegate in writing another director to attend Board meetings on his or her behalf if that director cannot attend the meetings for any reason.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

In January 2005, the Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as the disciplinary rules governing securities dealings by the relevant directors of the Company. In 2022, having made specific enquiries to all directors and supervisors of the Company, the Company confirms that its directors and supervisors have complied with the required standards as set out in the Model Code during the year.

Report on Corporate Governance (Continued)

THE CHAIRMAN AND GENERAL MANAGER

The positions of chairman of the Board and the general manager are respectively held by Mr. LI Wei-Dong and Ms. LI Yun, which are two clearly defined positions.

The chairman is responsible for leading and supervising the operations of the Board, effectively planning the Board meetings, ensuring the Board is acting in the best interests of the Company. The chairman shall proactively encourage directors to fully participate in the business of the Board and to make contributions to the functioning of the Board. To this end, the Board meets at regular intervals while the chairman must meet at least once annually with the independent non-executive directors individually. Under the stewardship of the chairman, the Board of the Company has adopted well accepted practices and procedures in corporate governance, and has undertaken appropriate measures to maintain effective channels of communication with the shareholders.

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

ACCOUNTABILITY OF DIRECTORS ON COMPANY'S FINANCIAL STATEMENTS

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

The statement issued by the auditor on its reporting responsibilities is set out in the Independent Auditor's Report on pages 55 to 62 of this annual report.

FUNCTIONS OF CORPORATE GOVERNANCE

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

In the year of 2022, the Board has fulfilled the aforesaid functions of corporate governance.

To ensure that independent views and input are available to the Board, the implementation and effectiveness of such mechanisms will be reviewed annually by the Board. At least one-third of the Board are independent non-executive directors in compliance with the requirements of the Listing Rules, and the Company will assess the independence of the independent non-executive directors on at least an annual basis. The special committees of the Board are entitled to engage independent professional advisors as and when it is required.

The Board considered that the above mechanisms are effective in ensuring that independent views and input are provided to the Board.

Report on Corporate Governance (Continued)

AUDIT COMMITTEE

The Company has established an audit committee since September 2004. The audit committee comprises three independent non-executive directors, namely Mr. CHEN De-Qiu as the chairman, Dr. CHOW Wing-Kin, Anthony and Mr. GAN Pei-Zhong. Their duties include reviewing and supervising the Company's financial reporting process, risk management and internal control systems. The audit committee and the management have jointly reviewed the accounting principles and major policies adopted by the Group and have discussed matters on auditing, risk management, internal control and financial reporting, as well as reviewing the unaudited interim financial report and the audited annual financial statements of the Group. The audit committee has also reviewed the annual results and draft financial statements of the Group for the year ended 31 December 2022.

In accordance with the stipulations in the Rules of Procedures of Meetings of the Audit Committee of the Board of Directors of the Company, the audit committee of the Board of the Company performed their duties of due diligence. During the Reporting Period, the audit committee held four meetings in total, at which, they mainly considered the audit opinion of the external auditors on the financial report and internal control report for the year of 2021 of the Company, and the review results of the external auditors on the interim report for the year of 2022 of the Company. In addition, the audit committee of the Company gave full play to their functions as a professional committee and proactively promoted the establishment of the internal control system of the Company. Moreover, the committee guided the internal audit work of the Company in real earnest and coordinated the communication and cooperation between the Company and the external auditors, so as to improve the relevant work efficiency.

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

Members	No. of meetings attended/ No. of meetings held
Mr. CHEN De-Qiu	4/4
Dr. CHOW Wing-Kin, Anthony	4/4
Mr. GAN Pei-Zhong	4/4

REMUNERATION AND EVALUATION COMMITTEE

The remuneration and evaluation committee of the Board of the Company comprises three independent non-executive directors. This committee is chaired by Mr. GAN Pei-Zhong, with the other two members being Dr. CHOW Wing-Kin, Anthony and Mr. CHEN De-Qiu.

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

Report on Corporate Governance (Continued)

In accordance with the stipulations in the Rules of Procedures of Meetings of the Remuneration and Evaluation Committee of the Board of Directors of the Company, the remuneration and evaluation committee earnestly performed their duties in due diligence. During the Reporting Period, the remuneration and evaluation committee of the Board of the Company held one meeting to carefully consider the Company's 2022 total salary budget approved plan with a view to enhance corporate efficiency, and recommended earnest implementation of the plan, so as to give full play to the incentive role of remuneration to enhance the competitiveness of the Company.

For the year ended 31 December 2022, the remuneration of the members of the senior management by band is set out below:

Remuneration band (RMB)	Number of persons
Less than 1,000,000	6

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

Further particulars regarding the directors, supervisors and senior management's emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in notes 27, 37(vii) and 39 to the financial statements.

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

Members	No. of meetings attended/ No. of meetings held
Mr. GAN Pei-Zhong	1/1
Dr. CHOW Wing-Kin, Anthony	1/1
Mr. CHEN De-Qiu	1/1

DIRECTORS' REMUNERATION POLICY

The Company strictly implements the directors' remuneration policy to ensure our remuneration is at appropriate levels to attract and retain the experienced and high-caliber individuals, with an aim to supervise the business and development of the Group. The directors' remuneration will be reviewed at least once annually and determined with reference to their skills and knowledge, their job duties, as well as the level of their involvement in the Group's affairs, the performance of the company, their personal performances and the prevailing market conditions. The remuneration comprises of the directors' fees, salary, allowance and contribution to retirement benefit.

NOMINATION COMMITTEE

The nomination committee of the Board of the Company comprises three independent non-executive directors and two executive directors. This committee is chaired by Mr. GAN Pei-Zhong, with the other four members being Mr. LI Wei-Dong, Ms. LI Yun, Dr. CHOW Wing-Kin, Anthony and Mr. CHEN De-Qiu.

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

Report on Corporate Governance (Continued)

DIVERSITY POLICY

The Company is of the view that the diversity of the Board is one of the essential factors in sustaining the competitive edge of the Company and facilitating the sustainable development of the Company. In accordance with the diversity policy of the Company, when considering the composition of the Board, various aspects would be considered for the diversity of the Board, including but not limited to gender, age, cultural and ethnic background, education, professional qualifications, skills, knowledge and expertise, etc. Meanwhile, the Company is committed to creating an inclusive and fair working environment for the employees, and treats employees of different genders, ages, religious beliefs, nationalities, cultural backgrounds and health conditions with respect and fairness.

In 2022, the male-to-female ratio of the Board members of the Company was 3:1, while the employees male-to-female ratio was 1:1, which reflected the gender diversity is achieved in the Board and all the staff members.

The nomination committee of the Board of the Company is responsible for reviewing the principle of diversified selection in nomination of directors, assisting and maintaining the diversified visions and various educational backgrounds and professional knowledge, which include the in-depth understanding in the real estate industry, the operational and management in property development, hotel and convention and exhibition, and the professional qualifications in the fields of law and accounting. Each directors has years of experience in his respective professional fields. Whatever backgrounds or experiences the directors have, they all take it as their common goal to promote the industry in order to bring sustainable growth for the Company. According to the changes of external laws and regulations, and based on the internal procedures and actual situation of the Company, the Company updates the relevant policy documents from time to time to ensure the relevant policy content keeps pace with the times.

The Company has reviewed the implementation and effectiveness of the above policy during the year.

NOMINATION POLICY

In accordance with the nomination policy of the Company (the "Nomination Policy"), in evaluation and selection of candidates for the directors, the nomination committee will:

1. review the structure, size and composition (including the gender, age, cultural and educational background, race, term of service, skills, knowledge and experience) of the Board at least once a year and make recommendations to the Board regarding any proposed changes to the Board with reference to the Company's strategies;
2. identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
3. assess the independence of independent non-executive directors;
4. make recommendations to the Board in respect of the appointment or re-appointment of and succession planning for directors, in particular the Chairman and the chief executive;
5. study and make recommendations on the selection standards and procedures of directors and senior management;
6. identify individuals suitably qualified to be senior management;
7. conduct vetting of candidates of directors and senior management and make recommendations thereon;
8. in performance of the duties under the above items 1 to 7, consider individuals on merit, contributions to the Board and suggestions to the Board based on measurable objectives including adoption of a series of diversity categories as selection basis and against the objective criteria, with due regard for the benefits of diversity on the Board; and
9. review the Board Diversity Policy, as appropriate, and review the measurable objectives under the policy and the progress on achieving the objectives and make disclosure of review results in the Corporate Governance Report annually to ensure the effective implementation of the policy.

Report on Corporate Governance (Continued)

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

In accordance with the stipulations in the Rules of Procedures of Meetings of the Nomination Committee of the Company, during the Reporting Period, the nomination committee of the Board of the Company held two meetings, at which, it reviewed and made recommendations on the candidates for directors and deputy general manager, thus ensuring the integrity and compliance of the corporate governance structure.

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

Members	No. of meetings attended/ No. of meetings held
Mr. GAN Pei-Zhong	2/2
Mr. LI Wei-Dong	2/2
Ms. LI Yun	2/2
Dr. CHOW Wing-Kin, Anthony	2/2
Mr. CHEN De-Qiu	2/2

STRATEGIC COMMITTEE

The strategic committee of the Board of the Company comprises three independent non-executive directors and two executive directors. This committee is chaired by Mr. LI Wei-Dong, and the other four members are Ms. LI Yun, Dr. CHOW Wing-Kin, Anthony, Mr. GAN Pei-Zhong and Mr. CHEN De-Qiu.

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

In accordance with the stipulations in the Rules of Procedures of Meetings of the Strategic Committee of the Company, during the Reporting Period, the strategic committee of the Board of the Company held one meeting, at which, the members of the strategic committee earnestly performed their duties in due diligence and considered the Company's establishment plan of the investment property management company in conjunction with the actual operation of the Company, to provide professional support for the Company's strategic decision-making.

Report on Corporate Governance (Continued)

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

Members	No. of meetings attended/ No. of meetings held
Mr. LI Wei-Dong	1/1
Ms. LI Yun	1/1
Dr. CHOW Wing-Kin, Anthony	1/1
Mr. GAN Pei-Zhong	1/1
Mr. CHEN De-Qiu	1/1

LEGAL COMPLIANCE COMMITTEE

The legal compliance committee of the Board of the Company was established on 20 October 2020, and comprises three independent non-executive directors and two executive directors. This committee is chaired by Mr. LI Wei-Dong, and the other four members are Mr. GUO Chuan, Dr. CHOW Wing-Kin, Anthony, Mr. GAN Pei-Zhong and Mr. CHEN De-Qiu.

The legal compliance committee of the Board of the Company is mainly responsible for promoting the legal construction and guiding the standardized management of the Company.

In accordance with the stipulations in the "Rules of Procedures of Meetings of the Legal Compliance Committee of Beijing North Star Company Limited", the legal compliance committee earnestly performed their duties based on the principle of diligence and conscientiousness, during the Reporting Period, the legal compliance committee of the Board of the Company held one meeting, heard the progress on the litigation involving the property sale and purchase agreement of the Company, and provided recommendations on the construction of the Company's corporate governance.

Members	No. of meetings attended/ No. of meetings held
Mr. LI Wei-Dong	1/1
Mr. GUO Chuan	1/1
Dr. CHOW Wing-Kin, Anthony	1/1
Mr. GAN Pei-Zhong	1/1
Mr. CHEN De-Qiu	1/1

Report on Corporate Governance (Continued)

SUPERVISORY COMMITTEE

The supervisory committee of the Company comprises five supervisors, with three supervisors representing the shareholders and two supervisors representing the staff and workers. The supervisory committee is chaired by Ms. LI Xue-Mei and the other four members are Mr. MO Fei, Ms. DU Yan, Mr. TIAN Zhen-Hua and Ms. LV Yi-Hong.

During 2022, the supervisory committee of the Company exercised its monitoring authority according to the law and protected the legal interests of the shareholders, the Company and the staff. For details of the supervisory committee's works, please refer to Report of the Supervisory Committee in this annual report.

The supervisory committee held four meetings in 2022.

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

Supervisors	No. of meetings attended/ No. of meetings held
Ms. LI Xue-Mei	4/4
Mr. MO Fei	4/4
Ms. DU Yan	4/4
Mr. TIAN Zhen-Hua	4/4
Ms. LV Yi-Hong	4/4

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

COMPANY SECRETARY

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

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

EXTERNAL AUDITOR AND ITS REMUNERATION

The external auditor currently appointed by the Company is PricewaterhouseCoopers. The work which the external auditor is engaged to perform must produce measurable benefits and added-values to the Company and should not cause adverse effects on the independence or independent standing of its audit function. The fees paid to the Company's auditor, PricewaterhouseCoopers, for the year of 2022 was RMB6,130,000 (tax inclusive) (financial report audit and related services) and RMB1,600,000 (tax inclusive) (review services), all of which were related to auditing, reviewing and other annual audit services.

Report on Corporate Governance (Continued)

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

In 2022, pursuant to the requirements in the Basic Standard for Enterprise Internal Control 《(企業內部控制基本規範)》 in Mainland China and the supporting guidelines and the stipulations in other internal control supervisions, the Company conducted self-assessment on the effectiveness of the internal control of the Company and issued the Internal Control Evaluation Report. Through implementation of timely update and improvement of internal control system, self-assessment of the management, independent assessment of the audit department, immediate improvement on internal control issues and other internal control work, the Company effectively guarantees the reasonableness of design and effectiveness of operation of the internal control system of the Company. Meanwhile, PricewaterhouseCoopers Zhong Tian LLP carried forward audit on the effectiveness of the internal control in relation to the financial report of the Company and issued the Audit Report on Internal Control with unqualified opinions.

The Board is responsible to ensure a sound and effective risk management and internal control system of the Group and would review the effectiveness of such systems from time to time, so as to safeguard investments of shareholders and assets of the Group. The above risks included but not limited to the significant risks in relation to the environmental, social and governance. However, such systems are created to manage but not eliminate the risk of failure to achieve business objectives, therefore, the Board can only provide reasonable but not absolute assurance against the risks of material misstatement or loss.

The audit department and the management of the Company regularly reviewed the effectiveness of risk management and internal control and reported to the Board after being considered by audit committee. As of 31 December 2022, the Board was of the view that the Company did a fruitful job in risk management and internal control during the Reporting Period, and no significant events which may affect the shareholders were identified.

Besides, the Board has conducted review of the effectiveness of the risk management and internal control system of the Company and its subsidiaries for 2022 and considered the adequacy of resources, qualifications and experience of staff in respect of the Company's accounting and financial reporting function and in relation to the environmental, social and governance performance of the Company, and their training programs and budget in accordance with code provisions D.2.1 and D.2.2 of the Corporate Governance Code of the Listing Rules effective during the Reporting Period.

The Company has adopted the anti-corruption policy to regulate the interest to be received by the employees, while the whistleblowing policy has also been adopted in order to provide the guidance for reporting any possible or actual misconduct in connection to the Group by the employees and related external persons.

Report on Corporate Governance (Continued)

MANAGEMENT OF INSIDE INFORMATION

The Company has formulated the Management System for the Holders of Inside Information so as to regulate inside information management of the Company, strengthen confidentiality of inside information and safeguard the principles of openness, fairness and justice of information disclosure of the Company. With respect to the procedures for handling and dissemination of inside information and internal control measures, the Company:

- strictly keeps the inside information of the Company confidential before disclosure, and disclose the inside information immediately upon approval by the Board;
- conducts registration of insiders strictly according to the requirements of Management System for the Holders of Inside Information;
- regulates all relevant securities transactions by giving notice to insiders in a timely manner, including registration of specific insiders before the price-sensitive period (including 60 days prior to annual results announcement and 30 days prior to interim results announcement), and sending notice of restrictions on trading shares and prohibitions on insider dealings at the same time.

The Company performs its information disclosure obligations strictly under the true, accurate, complete, timely, fair and effective standards. In August 2016, the Company formulated and adopted the Management System for Information Disclosure Deferral and Exemption which had specified the scope of information disclosure deferral and exemption and relevant approval procedures, strengthening its risk prevention ability and further intensifying the identification and evaluation of inside information.

During the Reporting Period, there was no disclosure of inside information, and none of the directors, supervisors or senior management of the Company made use of any inside information to deal with the shares of the Company in contravention of relevant rules. No investigation or rectification was conducted or required by the regulatory authorities in this regard.

Dividend Policy

In order to fully protect the lawful rights enjoyed by the shareholders of the Company such as return on assets, continuously optimise the decision-making procedures and mechanisms of the Board and the shareholders' general meeting on matters of profit distribution of the Company, further refine the terms regarding profit distribution policy in the Articles of Association, improve the transparency and operability of decision-making on profit distribution of the Company, and enhance the shareholders' supervision on the Company's operation and profit distribution, the Board of the Company formulated the "Dividend Distribution Plan for Shareholders of the Company", which has been published on the Company's website.

INVESTOR RELATIONS AND SHAREHOLDER'S INTEREST

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

The Company has established various communication channels with the shareholders, including: (i) the provision of electronic version of corporate communications; (ii) the provision of company information on the company website in a timely manner; (iii) hold annual general meetings to provide a platform for the shareholders to advise and exchange opinions with the Board; and (iv) the arrangement of providing services to the shareholders in respect of all share registration matters.

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

Report on Corporate Governance (Continued)

In the general meeting, the Company will explain the detailed procedures on poll to the shareholders and answer the questions of shareholders thereon. The website of the Company also publishes periodically updated financial and other information of the Company, which the shareholders can browse and look through at any time.

The Board has reviewed the effectiveness of the implementation of the shareholders' communication policy during the year, and considered that such policy shall continuously and effectively enhance the timely, transparent, accurate and open communication between the Company and the shareholders.

GENERAL MEETINGS

In 2022, the Company held three general meeting, being the first extraordinary general meeting of 2022, 2021 annual general meeting and the second extraordinary general meeting of 2022.

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

Directors	Annual general meeting	Extraordinary general meeting	Attendance rate
<i>Executive directors</i>			
Mr. LI Wei-Dong	1/1	1/2	67%
Ms. LI Yun	1/1	2/2	100%
Mr. YANG Hua-Sen (Appointed on 23 February 2022)	1/1	1/1	100%
Ms. ZHANG Wen-Lei	1/1	1/2	67%
Mr. GUO Chuan	1/1	0/2	33%
Mr. CHEN De-Qi (Resigned on 19 January 2022)	0/0	0/0	–
<i>Independent non-executive directors</i>			
Dr. CHOW Wing-Kin, Anthony	0/1	1/2	33%
Mr. GAN Pei-Zhong	1/1	2/2	100%
Mr. CHEN De-Qiu	0/1	1/2	33%

CONSTITUTION

In 2022, there were no changes to the Articles of Association of the Company.

RIGHTS OF SHAREHOLDERS

Convening of an Extraordinary General Meeting or a Class Meeting of Shareholders by Shareholders' Requisition

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

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

Report on Corporate Governance (Continued)

PUTTING FORWARD PROPOSALS TO THE GENERAL MEETINGS

According to Article 72 of the Articles of Association, shareholders solely or collectively holding more than 3% of the shares of the Company may submit in writing interim proposals to the convener ten (10) days before the date of the convening of the shareholders' general meeting.

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

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

The proposals that have not been listed in the notice of the shareholders' general meeting or that are not in compliance with Article 72 of the Articles of Association shall not be voted and resolved on at the shareholders' general meeting.

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

PROCEDURES FOR DIRECTING PROPOSALS, ENQUIRIES OF SHAREHOLDERS TO THE BOARD

Shareholders can at any time send their proposals, enquiries and concerns to the Board in writing through the work department of the Board of the Company. The contact details of the work department of the Board are set out in Corporate Information on page 186 of this annual report.

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

In 2023, the Company will continue to dedicate itself to improving the standards of its corporate governance according to changing regulatory requirements, the Company's latest development and feedbacks from shareholders, so as to ensure stable and healthy growth of the Company while enhancing shareholders' value.

By Order of the Board
GUO Chuan
*Executive Director, Deputy
General Manager and Company
Secretary*

Beijing, the PRC, 23 March 2023

Profile of Directors, Supervisors and Senior Management

CHAIRMAN

LI Wei-Dong, aged 54, is the Chairman and an executive director of the Company. He graduated from Renmin University of China with a master's degree in management. He is a senior economist and an engineer. Mr. LI served as the mechanical workshop director, deputy manager and manager of Beijing Yanshan Cement Factory (北京市燕山水泥廠), the chief of the real estate division and the assistant to the general manager of BBMG Group Company Limited* (北京金隅集團有限責任公司) and the manager of Tengda Plaza (騰達大廈), manager of BBMG Property Management Co., Ltd. (北京金隅物業管理有限責任公司), chairman of Beijing Dacheng Property Development Co., Ltd. (北京大成房地產開發有限責任公司), deputy general manager and executive director of BBMG Corporation* (北京金隅股份有限公司). Mr. LI joined the Company in 2016 and was appointed as an executive director and the general manager of the Company. Mr. LI was elected as the Chairman of the Company in August 2020. Mr. LI possesses extensive experience in real estate development and property management.

EXECUTIVE DIRECTORS

LI Yun, aged 55, is an executive director and the general manager of the Company. Ms. LI successively graduated from the Renmin University of China and Beijing Institute of Technology with the degree of bachelor of history and the degree of master of business administration. She is qualified as a senior economist and a senior political work specialist. Ms. LI joined BNSIGC in 1990 and successively served as the sales manager of the public relations department of Hui Yuan International Apartment, deputy general manager and general manager of Hui Bin Offices, deputy general manager and general manager of Beijing International Convention Centre and the deputy general manager of the Company. Ms. LI has served as an executive director of the Company since May 2018, and has served as an executive director and general manager of the Company since June 2021. Ms. LI has profound experience in operation and management of hotels, convention centre and investment property.

YANG Hua-Sen, aged 49, is an executive director of the Company. Mr. YANG graduated from Northern Jiaotong University, Huazhong University of Science and Technology and Party School of the CPC Central Committee successively, with a bachelor's degree in engineering, a master's degree in business administration and a postgraduate degree in philosophy of science and technology. He is a senior logistician and engineer. Mr. YANG successively served as the assistant to the general manager and the deputy general manager of Guangxi Liutie Economic and Technological Development Corporation (廣西柳鐵經濟技術開發總公司), the general manager of Nanning Sales Department of China Railway Special Cargo Company (中鐵特貨公司), the general manager of Shanghai China Railway Auto Logistics Company Limited (上海中鐵達汽車物流有限公司), and the deputy general manager of Beijing Capital Highway Development Group Co., Ltd. (北京市首都公路發展集團有限公司). From March 2019 to October 2021, he served temporarily as a member of the Standing Committee and deputy mayor of Tangshan City, Hebei Province, the secretary of the Party Working Committee of the Beijing-Hebei Caofeidian Co-development Exhibition Zone (京冀曹妃甸協同發展展示範區), and was elected as the executive director of the Company in February 2022. Mr. YANG has extensive experience in corporate management and logistics industry.

ZHANG Wen-Lei, aged 55, is an executive director and a deputy general manager of the Company. Ms. ZHANG graduated from the School of Economics and Management of Northern Jiaotong University and has received postgraduate education and is a senior economist and a senior accountant as well as an engineer. Ms. ZHANG served as the chief economist of the Fourth Office of China Railway 18th Engineering Bureau (中鐵第十八工程局四處) and the deputy-chief economist of China Railway 18th Engineering Bureau. She joined BNSIGC in 2001. She was the chief economist and the chief legal advisor of BNSIGC. Ms. ZHANG has become the deputy general manager of the Company since 2012 and was elected as an executive director of the Company in May 2018. Ms. ZHANG has extensive experience in construction engineering, tendering, works pricing and works supervision.

Profile of Directors, Supervisors and Senior Management (Continued)

GUO Chuan, aged 54, is an executive director, a deputy general manager, the secretary to the Board and the chief legal advisor of the Company. Mr. GUO graduated from the Capital University of Economics and Business and the University of International Business and Economics with an LLB degree in economic law and an EMBA degree, and is a qualified lawyer. Mr. GUO joined BNSIGC in 1991, and was consecutively deputy director and director of the Secretariat of the Board of the Company. In February 2004, Mr. GUO was appointed as secretary to the Board of the Company and was appointed as the chief legal advisor of the Company in July 2008. He has served as a deputy general manager of the Company since March 2017 and was elected as an executive director of the Company in May 2018, and was re-elected as an executive director of the Company in May 2021. Mr. GUO has extensive experience in corporate governance, legal affairs, corporate branding management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHOW Wing-Kin, Anthony, aged 72, is an independent non-executive director of the Company. Dr. CHOW is a solicitor admitted to practise in Hong Kong and England and Wales. He has been a practising solicitor in Hong Kong for over 40 years and served as a member of the National Committee of the Chinese People's Political Consultative Conference, chairman of the board of stewards of The Hong Kong Jockey Club, the chairman of the Process Review Panel of the Hong Kong Financial Reporting Council, the chairman of the Process Review Panel of Securities and Futures Commission of Hong Kong, the president of the Law Society of Hong Kong and etc. He is currently the senior consultant and global chairman of the law firm Messrs. Guantao & Chow Solicitors and Notaries and an official China-Appointed Attesting Officer appointed by the Ministry of Justice of the PRC. Dr. CHOW was appointed as a Justice of the Peace and awarded with a Silver Bauhinia Star medal by the Government of the Hong Kong Special Administrative Region in 1998 and 2003, respectively, awarded as an Honorary Fellow of the Hong Kong Institute of Education in 2010, an Honorary Fellow of King's College London in England in 2013, an Honorary Doctorate of Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong) in 2018 and an Honorary Doctorate of Laws of The Hong Kong University of Science and Technology in 2021. Dr. CHOW has extensive experience in corporate law and securities businesses.

Profile of Directors, Supervisors and Senior Management (Continued)

GAN Pei-Zhong, aged 66, is an independent non-executive director of the Company. Mr. GAN graduated from Department of Law of Peking University, and is a doctor of law. He served as a professor and a tutor of doctoral students of Peking University Law School, and served as the dean, professor and tutor of doctoral students of Lanzhou University Law School. Mr. GAN currently serves as the president of China Business Law Society (中國商業法研究會), the deputy president of Research Association of Securities Law of China Law Society (中國法學會證券法學研究會), a legal counsel to the People's Government of Liaoning Province, a standing director of Chinese Economic Law Research Society, an advisor to the Supreme People's Court, a member of the Expert Guiding Cases Commission of the Supreme People's Court* (最高人民法院案例指導專家委員會), and a member of the Consultation Commission of the Executive Council of the Supreme People's Court* (最高人民法院執行局諮詢委員). Mr. GAN was elected as an independent non-executive director of the Company in October 2020 and was re-elected as an independent non-executive director of the Company in May 2021. Mr. GAN has extensive experience in field of economic law, enterprise law, corporate law and securities law. Mr. GAN currently serves as an independent non-executive director of the following three listed companies: Beijing Thunisoft Corporation Limited, a company listed on the Shenzhen Stock Exchange (Stock Code: 300271), Suzhou Douson Drilling & Production Equipment Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 603800), and Gansu Jinhui Wine Co. Ltd. (甘肅金徽酒股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 603919).

CHEN De-Qiu, aged 41, is an independent non-executive director of the Company. Mr. CHEN graduated from the Business School of Nankai University as a doctor specialising in corporate governance. He currently serves as a dean of Business School of University of International Business and Economics, a professor in accounting and corporate governance and a tutor for doctoral students. Mr. CHEN is also the vice chairman of the Accounting Society for Foreign Economic Relations & Trade of China, a member of the Foreign Academic Exchange Committee of Accounting Society of China, a member of the Financial Management Committee of Chinese Academy of Management, and a member of the Corporate Governance Committee of Chinese Academy of Management. Mr. CHEN has extensive experience in corporate governance, finance management and auditing. Mr. CHEN currently serves as an independent non-executive director of China Publishing & Media Holdings Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 601949). Mr. CHEN was elected as an independent non-executive director of the Company in May 2021.

CHAIRMAN OF SUPERVISORY COMMITTEE

LI Xue-Mei, aged 54, is the chairman of the Supervisory Committee. Ms. LI graduated from Beijing University of Technology and Beijing Institute of Technology with a bachelor of engineering and a master of business administration. She is an economist. Ms. LI joined BNSIGC in 1992. Ms. LI successively served as the manager of sales department of Huiyuan International Apartment (匯園國際公寓), the director of the Planning and Development Department and the director of General Manager's Office of BNSIGC, and the director of the Planning and Development Department of the Company, the director of the office of the board of directors, and is currently the director of the office of the party of the Company, the director of work department of the Board, the director of digitalization and information management department and the secretary to the board of directors of BNSIGC. Ms. LI was elected as the chairman of the Supervisory Committee of the Company in June 2020. Ms. LI has extensive experience in corporate governance and strategic planning and management.

SUPERVISORS

MO Fei, aged 52, is a supervisor representing the shareholders of the Company. Mr. MO graduated from Southwest University of Political Science & Law, with a bachelor's degree in laws, and has legal professional qualifications. Mr. Mo joined BNSIGC in 2003, and used to serve as the deputy director of the legal affairs department of BNSIGC and the director of the legal affairs department of the Company, and is currently the deputy general manager of Beijing North Star Exhibition Investment Co., Ltd.. Mr. MO was elected as a supervisor representing the shareholders of the Company in June 2020. Mr. Mo has extensive experience in corporate legal affairs regulation.

Profile of Directors, Supervisors and Senior Management (Continued)

DU Yan, aged 46, is a shareholder representative supervisor of the Company. Ms. DU graduated from Capital University of Economics and Business with a bachelor's degree in economics and is a senior accountant. Ms. DU joined BNSIGC in 1999 and served as the accountant of the financial department of Beijing North Star Shopping Centre, the accountant in charge of the financial department of North Star Department Store Branch, the manager and deputy director of the planning and financial department of the Company, and is currently the head of the financial capital department of the Company. Ms. DU has extensive experience in accounting practice and financial management.

TIAN Zhen-Hua, aged 42, is a supervisor representing staff and workers of the Company. Mr. TIAN successively graduated from Beijing Forestry University and Central University of Finance and Economics with a bachelor's degree in management and a master's degree in accounting, and is a senior accountant and Chinese Certified Public Accountant (non-practising). Mr. TIAN joined the Company in 2007. He has served as the financial controller of Wuhan City Center of NSREG and currently serves as the vice head of the audit department of the Company. Mr. TIAN was elected as a supervisor representing staff and workers of the Company in March 2021. Mr. TIAN has extensive experience in corporate financial management and corporate audit.

LV Yi-Hong, aged 51, is a supervisor representing staff and workers of the Company. Ms. LV graduated from Capital University of Economics and Business with a bachelor's degree in management. Ms. LV joined BNSIGC in 1991. She once served as the manager of training department and exhibition department, assistant to general manager, deputy general manager, chairman of the labour union of Beijing International Convention Center and Beijing Continental Grand Hotel, and is currently the vice chairman of the labour union of the Company. Ms. LV was elected as a supervisor representing staff and workers of the Company in March 2021. Ms. LV has extensive experience in investment property management and labour union work.

DEPUTY GENERAL MANAGER

DU Jing-Ming, aged 58, is a deputy general manager of the Company. He graduated from Beijing Normal University with a doctor's degree in law and is a senior economist. Mr. DU served as the deputy director of the General Office of the Beijing Municipal Government and deputy director of the Information Network Office of the Beijing Municipal Government. He joined BNSIGC in 2004. He was the deputy general manager of BNSIGC. Mr. DU has become the deputy general manager of the Company since 2012. Mr. DU has extensive experience in corporate administration and management, enterprise culture and publicity work.

Profile of Directors, Supervisors and Senior Management (Continued)

HU Hao, aged 44, is a deputy general manager of the Company. Mr. HU graduated from the Central University of Finance and Economics with a bachelor's degree in economics. Mr. HU joined the Company in 2002 and served successively as the deputy head and head of the investment and financing department, the head of the strategic operation department, the assistant to the general manager and the supervisor representing the shareholders of the Company. He served as the deputy general manager of the Company in January 2021. Mr. HU has extensive experience in real estate development, corporate capital operation and operation control.

KONG Lei, aged 51, is the deputy general manager of the Company. Mr. KONG graduated from the Nanjing Academy and obtained a bachelor's degree and a master's degree in law successively. He has served as deputy regimental officer, regimental secretary, regimental staff officer, deputy divisional staff officer, director of the armed forces department and director of the university. Mr. KONG has extensive experience in public administration, security and large-scale event service assurance.

WEI Ming-Qian, aged 55, is a deputy general manager of the Company. Mr. WEI successively graduated from Beijing International Studies University and Renmin University of China with a bachelor's degree in economics and a master's degree in law. He is a senior economist, and successively served as the deputy general manager and property owner's representative of Intercontinental Beijing Beichen Hotel, the deputy general manager of China National Convention Center, the general manager of Beijing North Star Convention Group Co., Limited and an assistant to general manager of the Company. He currently serves as the chairman of Capital Convention (Group) Co., Limited and the general manager of China National Convention Center. Mr. WEI has extensive experience in convention, exhibition and hotel and tourism management.

COMPANY SECRETARY

LEE Ka Sze, Carmelo, aged 62, is company secretary of the Company and such office is served by him as a representative of external service provider. He is responsible for ensuring the Company has been in compliance with the regulations of Hong Kong. Mr. LEE graduated from the University of Hong Kong with a bachelor's degree in law. He is a practicing solicitor in Hong Kong and a partner of Woo Kwan Lee & Lo, the Company's legal adviser on Hong Kong laws. Mr. LEE was appointed as the company secretary of the Company in 1997.

Report of the Directors

The Board of the Company is pleased to present to the shareholders its report together with the audited financial reports of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in real estate development and convention and exhibition (including hotels) and commercial properties. The subsidiaries are mainly engaged in property development and property investment within the territory of the PRC.

BUSINESS REVIEW

1. Business performance, principal risks and uncertainties and future developments

The Group’s business performance, principal risk and uncertainties and future development for the year ended 31 December 2022 are discussed in the section “Chairman’s Report” on pages 4 to 5 and the section “Management Discussion and Analysis” on pages 6 to 24 of this annual report.

2. Subsequent events during the Reporting Period

The Group has no subsequent events after the Reporting Period.

3. Environmental policies and performance

The environmental policy and its performance of the Group for the year ended 31 December 2022 is set out in the separately published “2022 Environmental, Social and Governance Report” of the Company.

4. Laws and regulations that have a significant impact on the Company

The Company has strictly complied with the Listing Rules, the SFO, the Company Law, Securities Law, the Rules for Governance of Securities Companies and other relevant laws and regulations and industry rules which had significant influence on the business and operation of the Company during the year, which promoted the Company to operate in a regulated way and was helpful to protect the interests of our shareholders and other stakeholders.

5. Key relationships

The explanation on the key relationships between the Company and its employees, customers or suppliers and the personnel who has a material impact on and is the key to the prosperity of the Company is set out in the Report of the Directors of this annual report.

6. Financial key performance indicators

The financial performance of the Group for the year ended 31 December 2022 analysed based on the financial key performance indicators is set out in the section “Financial Highlights on pages 2 to 3, the section “Chairman’s Report” on pages 4 to 5 and the section “Management Discussion and Analysis” on pages 6 to 24 of this annual report.

Report of the Directors (Continued)

RESULTS

The results of the Group for the year ended 31 December 2022 and the financial positions of the Group and the Company as at 31 December 2022 prepared in accordance with HKFRS are set out on pages 63 to 66 of this annual report.

DIVIDEND

The Board resolved that no final dividend will be declared in respect of the year ended 31 December 2022.

FIVE YEAR FINANCIAL SUMMARY

The Group's consolidated results and summaries of assets and liabilities for the last five financial years are set out on pages 2 to 3 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, sales to the top five customers of the Group amounted to approximately RMB226,118,900, accounting for approximately 1.74% of the total sales for the year. Among the sales to the top five customers, sales to related parties was RMB0, accounting for 0% of the total sales for the year.

Purchases from the top five suppliers of the Group amounted to approximately RMB2,832,812,900, accounting for approximately 46.79% of the total purchases for the year. Purchases to to largest supplier of the Group accounted for approximately 19.68% of the total purchases of the group. Among the purchases from the top five suppliers, purchases from related parties was RMB0, accounting for 0% of the total purchases for the year.

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

PROPERTY, PLANT AND EQUIPMENT

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

RESERVES

Details of movements of the reserves of the Group and the Company during the year are set out in note 19 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

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

Distributable reserves of the Company as at 31 December 2022 amounted to RMB2,083,485,234 (2021: RMB2,124,197,014).

Report of the Directors (Continued)

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CONTINUING DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

On 18 September 2018, the Company (as borrower) entered into a trust loan agreement (the "Loan Agreement") with Beijing International Trust Co., Ltd. (as lender) (the "Lender") for up to RMB1 billion of loans under the Beijing Trust-Wisdom Capital Collective Fund Trust Plan (北京信託•盈瑞資本集合資金信託計劃貸款) (the "Loans"). The term of each Loan shall be 10 years from the date of drawdown. BNSIGC, the controlling shareholder of the Company, has provided guarantee to the Lender in respect of the Loan Agreement. Pursuant to the Loan Agreement, an event of default shall occur if (i) the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality (the "Beijing SASAC") directly or indirectly holds less than 51% of the shares of BNSIGC or Beijing SASAC loses the de-facto control over BNSIGC; and/or (ii) BNSIGC loses the de-facto control over the Company. In the event of default under the Loan Agreement, the Lender may unilaterally and unconditionally cancel the undrawn Loans under the Loan Agreement and/or declare that all or a part of the Loans under the Loan Agreement, together with the interests accrued thereon and all other monies accrued or payable to be immediately due and payable, and demand immediate repayment by the Company through legitimate means.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Executive Directors

LI Wei-Dong	<i>Chairman and Director</i>
LI Yun	<i>Director</i>
YANG Hua-Sen (Appointed on 23 February 2022)	<i>Director</i>
ZHANG Wen-Lei	<i>Director</i>
GUO Chuan	<i>Director</i>
CHEN De-Qi (Resigned on 19 January 2022)	<i>Director</i>

Independent Non-Executive Directors

CHOW Wing-Kin, Anthony	<i>Director</i>
GAN Pei-Zhong	<i>Director</i>
CHEN De-Qiu	<i>Director</i>

Report of the Directors (Continued)

Supervisors

LI Xue-Mei
MO Fei
DU Yan
TIAN Zhen-Hua
LV Yi-Hong

Chairman of the Supervisory Committee
Supervisor
Supervisor
Supervisor
Supervisor

Senior Management

LI Yun
ZHANG Wen-Lei
GUO Chuan

General Manager
Deputy General Manager
*Deputy General Manager, Company Secretary, Chief
Legal Advisor*

DU Jing-Ming
HU Hao
KONG Lei (Appointed on 28 February 2022)
WEI Ming-Qian (Appointed on 22 February 2023)
LIU Tie-Lin (Retired on 22 February 2023)
SUN Dong-Fan (Retired on 22 February 2023)
CHEN De-Qi (Resigned on 19 January 2022)
LEE Ka Sze, Carmelo

Deputy General Manager
Deputy General Manager
Deputy General Manager
Deputy General Manager
Deputy General Manager
Deputy General Manager
*Company Secretary – served as a representative of
external service provider*

The biographical details of directors, supervisors and senior management are set out on pages 38 to 42 of this annual report.

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

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

PERMITTED INDEMNITY PROVISIONS

During the Reporting Period, the Company has purchased the appropriate liability insurance for its directors, supervisors and senior management.

EQUITY-LINKED AGREEMENTS

The Company did not enter into any equity-linked agreements as at the end of the year or at any time of the year.

Report of the Directors (Continued)

DIRECTORS AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year and up to the ending date, the Company was a party to any arrangements whose objects are, or one of whose objects is, to enable the directors and supervisors of the Company to acquire benefits by means of the acquisition of Shares in, or debentures, of the Company or any other body corporate.

EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of directors, supervisors and senior management's emoluments are set out in notes 37(vii) and 39(a) to the consolidated financial statements.

INDIVIDUALS WITH THE HIGHEST PAY

During the year, none of the five individuals with the highest emolument in the Group was a director of the Company.

MANAGEMENT CONTRACTS

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

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES

As at 31 December 2022, none of the directors, supervisors and chief executives of the Company had any interest or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (as defined under Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company or Hong Kong Stock Exchange pursuant to the Model Code. None of the directors, supervisors and chief executives of the Company, their spouses or children under the age of 18 had been granted any rights to subscribe for shares in or debentures of the Company or its associated corporations, nor has any of them exercised such rights during the year.

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

INTERESTS OF DIRECTORS AND SUPERVISORS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

Report of the Directors (Continued)

INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESS

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

DETAILS OF SHARE OFFERING AND LISTING

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

Class of shares	A shares
Listing place	Shanghai
Offer price	RMB 2.40 per share
Listing date	16 October 2006
Number of issued shares	1,500,000,000 shares

SHARE CAPITAL

The Company's total number of issued shares as at 31 December 2022 was 3,367,020,000, comprising:

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

Details of the movements in share capital of the Company are set out in note 18 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS' INTEREST

The register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO shows that as at 31 December 2022, the Company had been notified of the following substantial shareholders' interests or short positions, being 5% or more of the relevant class of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executives.

Long positions in the shares of the Company:

Name of shareholder	Class of shares	No. of shares	No. of relevant shares	Capacity	Nature of interest	Percentage of the relevant class of share capital	Percentage of total share capital
Beijing North Star Industrial Group Limited Liabilities Company ("BNSIGC")	A shares	1,161,000,031	–	Beneficial owner	Corporate interest	43.65%	34.48%

Report of the Directors (Continued)

Save as disclosed above, the register required to be kept under Section 336 of the SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 31 December 2022.

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

As at 31 December 2022, the shareholders as recorded in the registers of holders of A shares and H shares kept by the Company are as follows:

As at the end of the Reporting Period, the total number of shareholders is: 138,165 holders

Shareholdings of top ten shareholders of the Company as at 31 December 2022

Name of shareholders	Class of shares	Total number of shares held at the end of the period (shares)	Percentage of shares held (%)
Beijing North Star Industrial Group Limited Liabilities Company	A share	1,161,000,031	34.482
HKSCC NOMINEES LIMITED	H share	689,470,199	20.477
Wangfujing Group Co., Ltd. (王府井集團股份有限公司)	A share	125,300,000	3.721
Zhong Hang Xin Gang Guarantee Co., Ltd. (中航鑫港擔保有限公司)	A share	24,000,000	0.713
YANG Liu (楊柳)	A share	23,500,000	0.698
Hong Kong Securities Clearing Company Limited	A share	22,502,243	0.668
CITIC Securities Company Limited	A share	12,545,253	0.373
QIAN Zhoujian (錢周健)	A share	11,179,394	0.332
TAO Xuezhi (陶學知)	A share	10,843,700	0.322
Industrial and Commercial Bank of China Limited-Southern CSI All-share Index Real Estate Traded Open-ended Index Stock Investment Fund (中國工商銀行股份有限公司—南方中證全指房地產交易型開放式指數證券投資基金)	A share	8,407,300	0.250

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

DESIGNATED DEPOSITS AND OVERDUE FIXED DEPOSITS

As at 31 December 2022, the Group had no designated deposits placed with financial institutions in the PRC. All of the Group's cash deposits are placed with commercial banks in the PRC and are in compliance with applicable laws and regulations. The Group has not experienced any incidents of not being able to withdraw bank deposits upon maturity.

Report of the Directors (Continued)

STAFF RETIREMENT SCHEME

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

EMPLOYEES

As at 31 December 2022, the Company had 5,387 employees. The employee remuneration policy of the Company is that the total salary is paid with reference to its economic efficiency. Save for the remuneration policy disclosed above, the Company did not provide any share option scheme for its employees. The Company regularly provides its management personnel trainings on various subjects, including operation management, foreign languages, computer skills, industry know-how and policies and laws. The trainings are provided in different forms, such as seminars, site visits and survey tours.

CONNECTED TRANSACTIONS

Details of the related party transactions set out in notes 36 and 37 to the consolidated financial statements, other than the transactions specifically stated below, do not fall under the definition of "connected transaction" or "continuing connected transaction" under the Listing Rules. The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions conducted by the Group during the year ended 31 December 2022.

(1) Use of Authorised Logo and Signage Usage

Pursuant to the "Contract of Authorised Logo and Signage Usage" entered into with BNSIGC on 18 April 1997, the Company paid RMB10,000 of authorised logo and signage usage fee to BNSIGC during the Reporting Period, representing 0.02% of the leases of the Company. Such transaction was settled by cash.

(2) Renting Properties

In 2022, the Company's subsidiary, Beijing North Star Xin Cheng Property Management Co., Limited (hereafter called "Xin Cheng Property"), entered into a property rental agreement with Chen Yun Property, a branch of BNSIGC. Pursuant to the agreement, Xin Cheng Property leased certain properties from Chen Yun Property as office properties. The term of the lease is one year, starting from 1 January 2022 and ended on 31 December 2022. The rental for the Reporting Period was RMB900,000, representing 1.83% of the leases of the Company. Such transaction was settled by cash.

(3) Equity Transfer Agreement

On 17 June 2022, Capital Convention (Group) Co., Ltd. (首都會展(集團)有限公司) ("**Capital Convention**"), a non-wholly owned subsidiary of the Company, and BNSIGC entered into the equity transfer agreement (the "**Equity Transfer Agreement**"), pursuant to which Capital Convention agreed to acquire and BNSIGC agreed to dispose of 100% equity interest in Beijing International Exhibition Center Co., Ltd.* (北京國際展覽中心有限公司) at the consideration of RMB111,510,800.

BNSIGC holds 1,161,000,031 A Shares in the Company, representing approximately 34.48% of the total issued shares of the Company and is the controlling shareholder of the Company. Therefore, BNSIGC is a connected person of the Company. The entering into the Equity Transfer Agreement and the transaction contemplated thereunder therefore constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. The Equity Transfer Agreement is only subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements.

Report of the Directors (Continued)

Particulars of the Equity Transfer Agreement were disclosed in the announcement of the Company dated 17 June 2022.

(4) Funds Collection Agreement

On 27 December 2022, Beijing North Star Real Estate Group Co. Limited (“**NSREG**”), Beijing BBMG Property Development Group Co., Ltd. (“**Beijing BBMG Property**”) and Beijing Chenyu Real Estate Co. Limited (“**Beijing Chenyu Real Estate**”) entered into the funds collection agreement (“**Funds Collection Agreement**”), pursuant to which Beijing Chenyu Real Estate will collect funds from its internal cash resources totaling RMB250,000,000 for payment to BBMG Corporation (北京金隅集團股份有限公司) (“**BBMG**”) and the Company respectively on or prior to 31 December 2022. Among them, the amount of funds to be collected for BBMG is RMB122,500,000 and the amount of funds to be collected for the Company is RMB127,500,000.

Beijing Chenyu Real Estate is 51% owned by the Group and 49% owned by Beijing BBMG Property. Beijing BBMG Property is a wholly-owned subsidiary of BBMG. Accordingly, both Beijing BBMG Property and BBMG are connected persons of the Company at the subsidiary level. The entering into of the Funds Collection Agreement and the transaction contemplated thereunder therefore was treated as a connected transaction of the Company under Chapter 14A of the Listing Rules. The Funds Collection Agreement is only subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders’ approval requirements.

Particulars of the Funds Collection Agreement were disclosed in the announcement of the Company dated 21 December 2022.

The independent non-executive directors of the Company have reviewed the transactions set out in the above paragraphs (1) to (2), and confirmed that, such transactions were conducted on normal commercial terms and the terms of relevant agreements in the ordinary and usual course of business of the Company, if applicable, and such terms were fair and reasonable to all the shareholders of the Company.

PricewaterhouseCoopers, the auditor of the Company, has reviewed the transactions set out in the above paragraphs (1) to (2) and has advised in its letter to the Company that, (i) such transactions have been approved by the Board of the Company; (ii) the pricing of such transactions was in line with the pricing policy of the Company based on a sample basis; and (iii) such transactions were conducted under relevant agreements governing such transactions. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the exempted continuing connected transactions in the above paragraphs (1) to (2).

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2022, the bank loans and other borrowings of the Group are set out in note 23 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

Report of the Directors (Continued)

SUBSIDIARIES

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

MAJOR LITIGATION OR ARBITRATION

The Company was not involved in any material litigation or arbitration during the year.

POLICIES ON INCOME TAX

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

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2022, the equity attributable to ordinary shareholders of the Company amounted to RMB19,412,950,000, representing a decrease of 7.50% as compared to 31 December 2021.

The Group's bank and other borrowings as at 31 December 2022 amounted to RMB17,259,733,000. As at the end of the year, net values of the Group's 5-year corporate bonds and 5-year medium-term notes were RMB3,446,865,000 and RMB3,924,250,000, respectively. Asset-backed securities were RMB742,937,000 at the end of the year.

Current assets of the Group, which mainly comprised cash at bank and on hand, completed properties held for sale and properties under development, amounted to RMB54,450,940,000, whereas the current liabilities amounted to RMB31,356,819,000. As at 31 December 2022, balances of cash at bank and on hand amounted to RMB8,388,151,000 (excluding restricted bank deposits) and none of the bonds in issue were exposed to redemption and payment risks. During the year, the Company did not engage in any transaction on financial products or derivative instruments.

As at 31 December 2022, the Group had secured borrowings from banks and other financial institutions of RMB14,905,065,000 with certain investment properties, hotel properties, properties under development and completed properties held for sale as the collaterals. The asset-liability ratio calculated by total liabilities divided by total assets for the Group was 70% as at the end of the Reporting Period (31 December 2021: 71%).

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

The Group has arranged bank financing for certain buyers of property units and provided repayment guarantee for such buyers. The above phased guarantees will not have a material impact on the financial position of the Group. The amount of outstanding phased guarantees as at 31 December 2022 was RMB10,979,240,000 (31 December 2021: RMB13,901,298,000).

PROVISION FOR IMPAIRMENT

During the Reporting Period, after having comprehensively taken into account the market conditions of the real estate project location, project positioning, development and sales plans and other factors, the Company conducted the impairment tests on the net realisable value of its projects, and made provision for the impairment of inventories whose cost is higher than its net realisable value. As confirmed by the test, the Company is required to make provision for the impairment of inventories for real estate projects of RMB905 million.

Report of the Directors (Continued)

CORPORATE GOVERNANCE CODE

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

REVIEW ON ANNUAL RESULTS

The audit committee has reviewed the annual results and the financial statements of the Group for the year ended 31 December 2022 according to its terms of reference.

PUBLIC FLOAT

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

AUDITOR

The accounts of the Company have been audited by PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP who retire and being eligible, offer themselves for re-appointment as auditors of the Company. A resolution re-appointing PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the Company's PRC and international auditors will be proposed at the 2022 annual general meeting.

By Order of the Board



LI Wei-Dong
Chairman

Beijing, the PRC, 23 March 2023

Report of the Supervisory Committee

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

In 2022, the Supervisory Committee four times in total and the supervisors attended the Board meetings and Shareholders’ general meetings held during the reporting period. During the course of preparation of 2021 Annual Report, the Supervisory Committee has seriously reviewed and agreed to the audited financial reports, profit appropriation proposal and the evaluation report of the Board on internal control of the Company to be proposed by the Board for consideration at the annual general meeting. It also strictly and effectively monitored and supervised the Board and management of the Company in making significant policies to ensure that they were in compliance with the laws and regulations of the PRC and the Articles of Association of the Company, and in the interests of the Company, its shareholders and employees. It is of the opinion that in 2022, the Board and management of the Company operate in strict accordance with laws, regulations and the Articles of Association, perform their duties diligently, and exercise their authority faithfully in the best interests of the shareholders.

During the reporting period, the Supervisory Committee conducted continuous supervision over the insider transactions, cash dividends, related transactions of the Company and had not detected any insider dealings by any holders of inside information or any other act detrimental to the interests of the Company. The cash dividend policy of the Company was implemented effectively under the Articles of Association, Shareholders’ Return Plan and the resolutions of general meetings. The connected transactions between the Company and related parties were conducted at fair market prices and in compliance with reviewing and disclosure procedures, without prejudicing the interests of the Company and minority shareholders.

The Supervisory Committee is satisfied with the achievement of the Company in 2022 and has great confidence in the future of the Company.

In 2023, the Supervisory Committee of the Company will continue to strictly comply with the relevant requirements of the related laws and regulations, the Articles of Association and policies, so as to fulfill all its duties.

By Order of the Supervisory Committee

LI Xue-Mei

Chairman of the Supervisory Committee

Beijing, the PRC, 23 March 2023

Independent Auditor's Report

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

OPINION

What we have audited

The consolidated financial statements of Beijing North Star Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 63 to 183, comprise:

- the consolidated balance sheet as at 31 December 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Independent Auditor's Report (Continued)

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Valuation of investment properties
- Assessment of net realisable value of properties under development and completed properties held-for-sale

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of investment properties</p> <p>Refer to Notes 2.8(b), 4.1(a) and 7 to the consolidated financial statements</p> <p>As at 31 December 2022, the Group's investment properties were measured at fair value and carried at approximately RMB16,826 million. The fair value was determined by management with reference to the valuations performed by an independent professional valuer engaged by the Group (the "Valuer").</p> <p>The Group's investment property portfolio mainly included completed office units, apartment units, shopping malls, convention centres, office units, and investment properties under development.</p> <ul style="list-style-type: none"> • Completed office units, apartment units (except block A) and shopping malls: the valuation was derived using the income approach (term and reversionary method), the relevant key assumptions included adjustment on term yield, reversionary yield and market rents. • Completed convention centres and apartment block A: the valuation was derived using the discounted cash flow approach, the relevant key assumptions included estimated rental value and discount rate. 	<p>We performed the following procedures to address the key audit matter:</p> <ul style="list-style-type: none"> • Obtained an understanding of the management's key internal controls and assessment process for determining the fair value of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias. • Assessed the competence, capabilities and objectivity of the Valuer. • Obtained and read the valuation reports for all investment properties and held discussion with the Valuer to understand the valuation approach or method and key assumptions as adopted in the valuations. • Checked the property specific information such as location, building age, occupancy status and rental value used by the Valuer against the related operation records as maintained by the Group. • Assessed the appropriateness of the valuation approach or method applied based on our knowledge of the Group's business and the real estate industry.

Independent Auditor's Report (Continued)

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties (Continued)	
<ul style="list-style-type: none"> Investment properties under development: the valuation was derived using the income approach (term and reversionary method) and the residual method, the relevant key assumptions included adjustment on term yield, reversionary yield and estimated development costs to completion. <p>All the relevant key assumptions were influenced by the prevailing market conditions and characteristics of individual property such as location, size and age of the properties.</p> <p>We focus on this area due to the significant quantum of investment properties in the consolidated financial statements, and also the estimation of fair value of investment properties is subject to a certain extent of estimation uncertainty, complexity and subjectivity. The inherent risk in relation to the valuation of investment properties is considered significant due to the subjectivity of significant assumptions and estimates used.</p>	<ul style="list-style-type: none"> Involved our internal valuation specialists to assist on assessing, on a sample basis, the methodologies used by the Valuer and compared the valuations of investment properties to our independently formed market expectations. <p>Based on the above, we considered that the significant judgements, assumptions and estimates applied by management in the valuations of investment properties were supportable by the evidence obtained and procedures performed.</p>

Independent Auditor's Report (Continued)

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Assessment of net realisable value of properties under development and completed properties held-for-sale</p> <p>Refer to Notes 2.12, 4.1(b), 13 and 14 to the consolidated financial statements</p> <p>The Group's properties under development ("PUD") and completed properties held-for-sale ("PHS") amounted to approximately RMB39,560 million as at 31 December 2022 (representing approximately 52.0% of the Group's total assets). The management assessed the net realisable value ("NRV") of PUD and PHS as at 31 December 2022 and the carrying amounts of PUD and PHS were stated at the lower of cost and NRV.</p> <p>Management determined the NRV based on estimated selling price less the estimated costs to completion, selling expenses and related taxes. Such determination of NRV of PUD and PHS involved significant judgements and estimates on selling prices, selling expenses and the costs to completion (applicable to PUD) which were influenced by prevailing market conditions and adjusted in consideration of the characteristics of the properties.</p>	<p>We performed the following procedures to address the key audit matter:</p> <ul style="list-style-type: none"> • Obtained an understanding of the management's key internal controls and assessment process for determining the NRV of PUD and PHS and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias. • Evaluated the outcome of prior period assessment of NRV of PUD and PHS to assess the effectiveness of management's estimation process. • Evaluated and tested, on a sample basis, the management's key controls over the determination of NRV of PUD and PHS.

Independent Auditor's Report (Continued)

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter

How our audit addressed the Key Audit Matter

Assessment of net realisable value of properties under development and completed properties held-for-sale (Continued)

We focus on this area due to the significant quantum of PUD and PHS in the consolidated financial statements, and also the estimation of NRV of PUD and PHS is subject to a certain extent of estimation uncertainty, complexity and subjectivity. The inherent risk in relation to the determination of NRV of PUD and PHS is considered significant due to the subjectivity of significant assumptions and estimates used.

- Obtained management's assessment on NRV of PUD and PHS and performed the following audit procedures, on a sample basis, on the key estimates as adopted by management in the assessment:
 - compared the estimated selling prices to those of the recent market transactions (including the Group's recent pre-sales of units in the same project or comparable properties with similar size, usage and location).
 - compared the estimated percentage of selling expenses to selling price to the actual ratio of average selling expenses to revenue of the Group in recent years.
 - assessed the reasonableness of the transaction taxes by comparing with the theoretical transaction tax amounts as quantified by reference to the relevant tax rules.
 - compared the estimated costs to completion to budgets approved by management and compared the estimated total costs to the actual costs of similar type of recent completed properties of the Group.

Based on the above, we considered that the significant judgements, assumptions and estimates applied by management in the assessment of NRV of PUD and PHS were supportable by the evidence obtained and procedures performed.

Independent Auditor's Report (Continued)

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee of the Company is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report (Continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report (Continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit Committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee of the Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee of the Company, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Cheuk Kay.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 March 2023

Consolidated balance sheet

		As at 31 December	
	<i>Note</i>	2022	2021
		RMB'000	<i>RMB'000</i>
			(Restated)
ASSETS			
Non-current assets			
Right-of-use assets	6	433,030	455,018
Investment properties	7	16,826,279	16,709,399
Property, plant and equipment	8	2,543,658	2,674,399
Investments accounted for using the equity method	10	357,765	635,736
Deferred income tax assets	24	1,309,347	1,246,148
Other receivables and prepayments	12	191,717	1,409,524
		21,661,796	23,130,224
Current assets			
Properties under development	13	22,977,693	30,057,808
Completed properties held-for-sale	14	16,582,388	15,625,663
Other inventories	15	43,066	42,485
Trade and other receivables and prepayments	12	5,204,597	4,900,887
Restricted bank deposits	16	1,255,045	1,761,332
Cash and cash equivalents	17	8,388,151	12,960,953
		54,450,940	65,349,128
Total assets		76,112,736	88,479,352
LIABILITIES			
Non-current liabilities			
Long term borrowings	23	17,468,165	19,874,582
Loans from other parties	21	2,369,408	2,148,385
Employee termination benefit obligations	35	96,332	107,507
Deferred income tax liabilities	24	2,208,129	2,165,575
Lease liabilities	6	10,503	14,543
Deferred income		19,287	27,748
		22,171,824	24,338,340
Current liabilities			
Trade and other payables	21	9,535,581	11,095,778
Loans/advances from other parties	21	2,248,718	3,240,608
Contract liabilities	5	10,609,330	12,123,853
Current income tax liabilities	22	1,773,757	2,147,373
Lease liabilities	6	26,751	32,280
Current portion of long term borrowings	23	7,162,682	9,632,587
		31,356,819	38,272,479
Total liabilities		53,528,643	62,610,819
Net assets		22,584,093	25,868,533

Consolidated Balance Sheet (Continued)

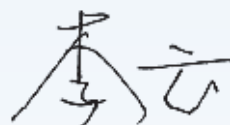
	<i>Note</i>	As at 31 December 2022 RMB'000	2021 RMB'000 (Restated)
EQUITY			
Share capital	18	3,367,020	3,367,020
Other reserves	19	4,915,444	4,982,879
Retained earnings	19	11,130,486	12,637,542
<hr/>			
Capital and reserves attributable to ordinary shareholders of the Company		19,412,950	20,987,441
Perpetual bond	20	–	1,018,241
Non-controlling interests		3,171,143	3,862,851
<hr/>			
Total equity		22,584,093	25,868,533

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 63 to 183 were approved by the Board of Directors of the Company on March 2023 and were signed on its behalf.



Li Wei Dong
Director



Li Yun
Director

Consolidated income statement

	Note	Year ended 31 December	
		2022 RMB'000	2021 RMB'000 (Restated)
Revenue	5	12,988,940	22,182,854
Cost of sales	25	(11,282,794)	(18,544,672)
Gross profit		1,706,146	3,638,182
Selling and marketing expenses	25	(486,486)	(619,374)
Administrative expenses	25	(884,697)	(983,555)
Net provision for impairment losses on financial assets		(158,917)	(33,281)
Other income and losses – net	26	(135,499)	(90,168)
Operating profit		40,547	1,911,804
Finance income	28	127,661	138,095
Finance expenses	28	(912,288)	(698,619)
Finance expenses – net	28	(784,627)	(560,524)
Share of net (loss)/profit of investments accounted for using the equity method		(59,033)	239,308
(Loss)/profit before income tax		(803,113)	1,590,588
Income tax expense	29	(722,064)	(1,350,530)
(Loss)/profit for the year		(1,525,177)	240,058
Attributable to:			
Ordinary shareholders of the Company	30	(1,471,352)	207,374
Holders of perpetual bond	20	25,359	137,783
Non-controlling interests		(79,184)	(105,099)
		(1,525,177)	240,058
(Losses)/earnings per share attributable to ordinary shareholders of the Company (expressed in RMB cents per share) (basic and diluted)	30	(43.70)	6.16

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income

		Year ended 31 December	
	Note	2022 RMB'000	2021 RMB'000 (Restated)
(Loss)/profit for the year		(1,525,177)	240,058
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of post-employment benefit obligations	19	5,838	7,920
Other comprehensive income for the year, net of tax		5,838	7,920
Total comprehensive (loss)/income for the year		(1,519,339)	247,978
Attributable to:			
Ordinary shareholders of the Company		(1,465,514)	215,294
Holders of perpetual bond		25,359	137,783
Non-controlling interests		(79,184)	(105,099)
		(1,519,339)	247,978

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

	Note	Attributable to ordinary shareholders of the Company			Total RMB'000	Perpetual bond RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000				
Balance at 1 January 2022		3,367,020	4,982,879	12,637,542	20,987,441	1,018,241	3,862,851	25,868,533
(Loss)/profit for the year		-	-	(1,471,352)	(1,471,352)	25,359	(79,184)	(1,525,177)
Other comprehensive income	19	-	5,838	-	5,838	-	-	5,838
Total comprehensive income/(loss)		-	5,838	(1,471,352)	(1,465,514)	25,359	(79,184)	(1,519,339)
Transactions with owners in their capacity as owners								
2021 final dividends	31	-	-	(33,670)	(33,670)	-	-	(33,670)
Appropriation of statutory reserves	19	-	2,034	(2,034)	-	-	-	-
Capital contribution from non-controlling interests		-	-	-	-	-	980	980
Distribution to holders of perpetual bond		-	-	-	-	(52,000)	-	(52,000)
Dividends provided for or paid to non-controlling interests		-	-	-	-	-	(568,900)	(568,900)
Redemption of perpetual bond	20	-	(8,400)	-	(8,400)	(991,600)	-	(1,000,000)
Consideration for a business combination	36	-	(66,907)	-	(66,907)	-	(44,604)	(111,511)
Total transactions with owners in their capacity as owners		-	(73,273)	(35,704)	(108,977)	(1,043,600)	(612,524)	(1,765,101)
Balance at 31 December 2022		3,367,020	4,915,444	11,130,486	19,412,950	-	3,171,143	22,584,093

Consolidated statement of changes in equity (Continued)

	Note	Attributable to ordinary shareholders of the Company			Total	Perpetual bond	Non-controlling interests	Total equity
		Share capital	Other reserves (Note 19)	Retained earnings				
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 31 December 2020, as previously reported		3,367,020	4,868,600	12,547,694	20,783,314	2,630,380	2,679,938	26,093,632
Business combination under common control		-	49,909	3,809	53,718	-	-	53,718
Balance at 1 January 2021, as restated		3,367,020	4,918,509	12,551,503	20,837,032	2,630,380	2,679,938	26,147,350
Profit for the year		-	-	207,374	207,374	137,783	(105,099)	240,058
Other comprehensive income	19	-	7,920	-	7,920	-	-	7,920
Total comprehensive income/(loss)		-	7,920	207,374	215,294	137,783	(105,099)	247,978
Transactions with owners in their capacity as owners								
2020 final dividends	31	-	-	(101,011)	(101,011)	-	-	(101,011)
Appropriation of statutory reserves	19	-	20,324	(20,324)	-	-	-	-
Capital contribution from non-controlling interests		-	49,734	-	49,734	-	1,866,734	1,916,468
Redemption of perpetual bond	20	-	(13,608)	-	(13,608)	(1,606,392)	-	(1,620,000)
Distribution to holders of perpetual bond		-	-	-	-	(143,530)	-	(143,530)
Dividends provided for or paid to non-controlling interests		-	-	-	-	-	(578,722)	(578,722)
Total transactions with owners in their capacity as owners		-	56,450	(121,335)	(64,885)	(1,749,922)	1,288,012	(526,795)
Balance at 31 December 2021, as restated		3,367,020	4,982,879	12,637,542	20,987,441	1,018,241	3,862,851	25,868,533

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated cash flow statement

	Note	Year ended 31 December	
		2022 RMB'000	2021 RMB'000 (Restated)
Cash flows from operating activities			
Cash generated from operations	32	4,822,658	8,362,350
Interest received		127,661	138,095
Interest paid		(1,708,008)	(1,882,496)
Income tax paid		(946,767)	(1,560,174)
Net cash generated from operating activities		2,295,544	5,057,775
Cash flows from investing activities			
Payments for property, plant and equipment		(62,701)	(488,712)
Payments for investment properties		(186,610)	(501,202)
Loans granted to related parties	37(iii)(v)	(629,552)	(1,299,433)
(Repayment)/Proceed from settlement of receivable from the ultimate parent	37(v)	107,925	(2,194)
Loan repayments from related parties	37(iii)	656,975	–
Interests received on loans granted and other investment		68,784	26,376
Proceeds from sale of property, plant and equipment and investment properties		2,526	701
Prepayment from a third-party coordinator		–	200,824
Refund of advance payment as received for the partial disposal of an associate		(200,824)	–
Liquidation of an associate		–	8,298
Liquidation of a subsidiary		17,500	–
Payment for investment in an associate and a joint venture		–	(25,000)
Net cash used in investing activities		(225,977)	(2,080,342)

Consolidated cash flow statement (Continued)

	Note	Year ended 31 December	
		2022 RMB'000	2021 RMB'000 (Restated)
Cash flows from financing activities			
Proceeds from borrowings and issuance of bonds		5,723,494	14,686,045
Proceeds from borrowings from BNSIGC	37(ii)	2,100,000	2,500,000
Repayments of commercial mortgage backed securities issued by a subsidiary of the Company ("CMBS")		(18,000)	(208,063)
Repayments of borrowings and bonds		(10,608,151)	(13,186,311)
Repayments of loans from a third party		–	(18,397)
Proceeds from loans/advances from non-controlling interests		115,640	91,789
Repayments of borrowings from BNSIGC	37(ii)	(2,600,000)	(1,400,000)
Proceeds from borrowings from related parties	37(iv)	34,700	195,330
Repayments of loans/funds from non-controlling interests		(130,540)	(3,093,321)
Repayment of borrowings from related parties		(43,519)	(369,400)
Proceeds from capital injection from non-controlling interests		980	1,916,469
Dividends paid to the Company's shareholders		(33,670)	(101,011)
Dividends paid to the non-controlling interests		(20,000)	(101,722)
Dividends paid to the holders of perpetual bond		(52,000)	(143,530)
Redemption of perpetual bond		(1,000,000)	(1,620,000)
Principal elements of lease payments		(35,781)	(35,523)
Payment for acquisition of the entity under common control	36	(111,511)	–
Net decrease in deposits paid for obtaining borrowings		35,990	39,060
Net cash used in financing activities		(6,642,368)	(848,585)
Net (decrease)/increase in cash and cash equivalents		(4,572,802)	2,128,848
Cash and cash equivalents at beginning of year		12,960,953	10,832,105
Cash and cash equivalents at end of year	17	8,388,151	12,960,953

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

Beijing North Star Company Limited (the “Company”) is a joint stock limited liability company established in the People’s Republic of China (the “PRC”) on 2 April 1997 as part of the reorganization (the “Reorganization”) of a state-owned enterprise, known as Beijing North Star Industrial Group Limited Liabilities Company (“BNSIGC”, the ultimate parent of the Company).

Pursuant to the Reorganization 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. On 14 May 1997, the Company completed the global offering of its H share, and 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 Renminbi (“RMB”) 2.4 per share and these shares were listed on the Shanghai Stock Exchange on 16 October 2006. Since then, the Company’s shares have been dually listed on the Main Board of The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange.

The Company and its subsidiaries (the “Group”) are principally engaged in property development, property management and property investment, provision of food and beverage services as well as the operation of hotels in the PRC.

On 30 June 2022, the Group has acquired 100% equity interest in Beijing International Exhibition Center Co., Ltd. (“BIEC”) from BNSIGC and the acquisition is considered as a business combination involving entities under common control and has been accounted for by using merger accounting method. Accordingly, the comparative figures as set out in these consolidated financial statements have been restated to include the historical financial information of BIEC since the date when BIEC first came under the control of BNSIGC. More details of the acquisition and the impact of the restatements have been set out in Note 36.

These consolidated financial statements are presented in RMB, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 23 March 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

(i) *Compliance with HKFRS and HKCO*

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except for investment properties which are carried at fair value.

Notes to the Consolidated Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(i) *Compliance with HKFRS and HKCO (Continued)*

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

(ii) *Amended standards and amended improvements adopted by the Group*

The Group has applied the following amendments or annual improvements for the first time for their annual reporting period commencing 1 January 2022:

- Annual Improvements to HKFRSs 2018-2020 (amendments)
- Narrow-scope amendments – HKFRS3, 16, 37 (amendments)
- Rent Concessions – HKFRS 16 (amendments)
- Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations

The amendments and amended improvements listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iii) *New standards, amendments and interpretations not yet adopted*

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Notes to the Consolidated Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (Note 2.3).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

2.2.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Notes to the Consolidated Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (Continued)

2.2.3 Joint arrangements

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group only has joint ventures.

Interests in joint ventures are accounted for using the equity method (see 2.2.4 below), after initially being recognised at cost in the consolidated balance sheet.

2.2.4 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.9.

Notes to the Consolidated Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (Continued)

2.2.5 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

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

Notes to the Consolidated Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations

2.3.1 Business combinations under common control

The historical financial information incorporate the financial information of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interests.

The consolidated income statement include the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the historical financial information are presented as if the entities had been combined at the previous year end date or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities are eliminated on consolidation.

Transaction costs, including professional fees, registration fees, costs of furnishing information to owners, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting, are recognised as expenses in the period in which it is incurred.

Notes to the Consolidated Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

2.3.2 Business combinations not under common control

The acquisition method of accounting is used to account for all business combinations (except for business combination under common control), regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

Notes to the Consolidated Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

2.3.2 Business combinations not under common control (Continued)

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

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

Notes to the Consolidated Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Separate financial statements

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

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

2.5 Segment reporting

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

2.6 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

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

Notes to the Consolidated Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Properties

(a) *Land use rights*

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

Land use rights which is held for development for sales are inventories (Note 2.12) and measured at lower of cost and net realisable value. Land use rights which are held for long-term rental yields are investment properties (Note 2.8(b)) and measured at fair value. Land use rights for own use are stated at cost and amortised over the use terms of 40 to 50 years using the straight-line method.

(b) *Investment properties*

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

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

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

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

Notes to the Consolidated Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets

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

2.10 Financial assets

(a) *Classification*

The Group classifies its financial assets as financial assets at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are subsequently measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'other gains/(losses) - net' together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

Notes to the Consolidated Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(d) *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 12 for further details.

2.11 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

Such financial guarantees are given to banks on behalf of certain purchasers of the Group's properties to secure mortgage loans. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

Notes to the Consolidated Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Inventories

(a) *Properties under development and completed properties held for sale*

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

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

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

(b) *Other inventories*

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

2.13 Trade receivables

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

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 12 for further information about the Group's accounting for trade receivables and Note 2.10 for a description of the Group's impairment policies.

Notes to the Consolidated Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents includes cash in hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.15 Share capital

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

2.16 Perpetual bond

Perpetual bond with no contractual obligation to deliver cash or another financial asset is classified as equity.

2.17 Trade and other payables

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

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

2.18 Borrowings

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

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

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

Notes to the Consolidated Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

All other borrowing costs are expensed in the period in which they are incurred.

2.20 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) *Current income tax*

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

(b) *Deferred income tax*

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

Notes to the Consolidated Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Current and deferred income tax (Continued)

(b) *Deferred income tax (Continued)*

The deferred income tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred income tax balances relate to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.21 Employee benefits

(a) *Pension obligations*

The Group has only defined contribution plans.

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

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

Notes to the Consolidated Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Employee benefits (Continued)

(a) *Pension obligations (Continued)*

There were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) to offset existing contributions under the defined contribution schemes.

(b) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(c) *Early retirement benefits*

The Group provides early retirement benefits to employees who accept early retirement arrangements. Early retirement benefits are salaries and social welfare paid for employees who accept voluntary retirement before the normal retirement date, as approved by the Group's management. The related benefit payments are made from the date of the early retirement till the normal retirement ages. The accounting treatment of the Group's early retirement benefits is in accordance with termination benefits as determined in HKAS 19. The liability is recognised for the early retirement benefit payments from the date of early retirement to the normal retirement date when satisfied the condition of termination benefit with a corresponding charge in the income statement. Differences arising from changes in assumptions and estimates of the present value of the liabilities are recognised in the income statement when incurred.

Notes to the Consolidated Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Employee benefits (Continued)

(d) *Bonus plans*

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

(e) *Employee leave entitlements*

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

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

2.22 Provisions

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Notes to the Consolidated Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies.

(a) *Sales of properties*

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession of the completed property, and there is no unfulfilled obligation.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

The Group recognises the incremental costs of obtaining a contract with a customer within contract assets if the Group expects to recover those costs.

Notes to the Consolidated Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue recognition (Continued)

(b) *Provision of services*

Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labor hours spent relative to the total expected labor hours.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

2.24 Accounting for costs incurred to obtain a contract

Costs such as stamp duty and sales commissions incurred directly attributable to obtaining a contract, if recoverable, are capitalised and recorded in other receivables and prepayments.

2.25 Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer.

The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

Notes to the Consolidated Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the income statement as part of other income. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.27 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Notes to the Consolidated Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Leases (Continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance expense. The finance expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Notes to the Consolidated Financial Statements (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Leases (Continued)

Certain right-of-use assets meet the definition of investment property and are measured at fair value subsequently.

The rest of right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of building and equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (note 6). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.28 Government grants

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

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

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss over the life of a depreciable assets as a reduced depreciation expense.

2.29 Dividend distribution

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

Notes to the Consolidated Financial Statements (Continued)

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) *Market risk*

(i) Foreign exchange risk

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

(ii) Cash flow and fair value interest rate risk

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

At 31 December 2022, if interest rates of borrowings obtained at variable rates had increased/decreased by 100 basis points with all other variables held constant, the Group's post-tax profit for the year, after taking into account the impact of interest capitalisation, would have decreased/increased by approximately RMB46,522,000 (2021: RMB35,370,000).

Notes to the Consolidated Financial Statements (Continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk

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

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

The Group's trade receivable balances are due from third party customers as a result of sales of goods, property leasing and provision of services. The Group's other receivables are mainly loans receivable from subsidiaries of BBMG Corporation ("BBMG") and Shenzhen Jiangwan Information Consulting Co., Ltd. ("SZJW") (non-controlling shareholders of certain subsidiaries of the Group, and have significant influence over the related subsidiaries which are material to the Group and hence is deemed as related parties of the Group) and non-controlling interests. The Group performs ongoing credit evaluations of the financial condition of its customers/debtors on an individual basis, taking into accounts their financial position, past experience and other factors, and generally does not require collateral from the customers/debtors' account on the outstanding balances. Based on the expected realisation and timing for collection of the outstanding balances, the Group maintains a provision for loss allowance and actual losses incurred have been within management's expectation, and management believes that there is no material credit risk inherent in the Group's outstanding receivable balances.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. More detail in respect of the arrangement and the related credit risk are described in Note 3.1(b).

Impairment of financial assets

The Group has two types of financial assets that are subject to the expected credit loss model:

- trade receivables
- Other financial assets at amortised cost

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Notes to the Consolidated Financial Statements (Continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Impairment of financial assets (Continued)

Trade receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses, which use a the lifetime expected loss allowance for trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit loss also incorporates forward looking information.

As at 31 December 2022 and 2021, the loss allowance was determined as follows for trade receivables:

31 December 2022	Current	Less than 30 days past due	More than 30 days and less than 90 days past due	More than 90 days past due	Total RMB'000
Property development					
Expected loss rate	0.74%	0.80%	0.93%	100.00%	
Gross carrying amount	–	–	–	38	38
Loss allowance	–	–	–	38	38
Property management					
Expected loss rate	14.77%	21.87%	36.08%	100.00%	
Gross carrying amount	22,782	–	–	15,261	38,043
Loss allowance	3,365	–	–	15,261	18,626
Hotel					
Expected loss rate	0.41%	0.44%	0.85%	100.00%	
Gross carrying amount	8,743	405	–	1,767	10,915
Loss allowance	35	2	–	1,767	1,804
Conference and exhibition					
Expected loss rate	0.78%	1.04%	1.56%	4.21%	
Gross carrying amount	21,977	224	–	21,459	43,660
Loss allowance	172	2	–	904	1,078
Leasing-shopping mall					
Expected loss rate	0.03%	0.07%	0.13%	100.00%	
Gross carrying amount	–	–	–	26,548	26,548
Loss allowance	–	–	–	26,548	26,548
Leasing-others					
Expected loss rate	0.03%	0.07%	0.13%	23.66%	
Gross carrying amount	134,663	11,168	2,352	5,860	154,043
Loss allowance	49	8	3	1,386	1,446

Notes to the Consolidated Financial Statements (Continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Impairment of financial assets (Continued)

Trade receivables (Continued)

31 December 2021 (Restated)	Current	Less than 30 days past due	More than 30 days and less than 90 days past due	More than 90 days past due	Total RMB'000
Property development					
Expected loss rate	0.74%	0.80%	0.93%	100.00%	
Gross carrying amount	36	–	–	5	41
Loss allowance	–	–	–	5	5
Property management					
Expected loss rate	19.73%	26.42%	39.80%	100.00%	
Gross carrying amount	6,385	–	–	15,133	21,518
Loss allowance	1,260	–	–	15,133	16,394
Hotel					
Expected loss rate	0.31%	0.51%	0.85%	100.00%	
Gross carrying amount	13,875	–	–	2,003	15,878
Loss allowance	42	–	–	2,003	2,045
Conference and exhibition					
Expected loss rate	0.27%	0.37%	0.55%	97.45%	
Gross carrying amount	2,763	–	–	385	3,148
Loss allowance	7	–	–	375	382
Leasing-shopping mall					
Expected loss rate	0.02%	0.05%	0.14%	100.00%	
Gross carrying amount	–	–	–	26,548	26,548
Loss allowance	–	–	–	26,548	26,548
Leasing-others					
Expected loss rate	0.02%	0.05%	0.14%	60.34%	
Gross carrying amount	27,214	3,707	464	3,039	34,424
Loss allowance	6	2	1	1,834	1,843

Notes to the Consolidated Financial Statements (Continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) *Credit risk (Continued)*

Impairment of financial assets (Continued)

Trade receivables (Continued)

The loss allowances for trade receivables as at 31 December reconcile to the opening loss allowances as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Opening loss allowance at 1 January	47,217	37,507
Increase in the allowance recognised in profit or loss	2,323	9,710
Closing loss allowance at 31 December	49,540	47,217

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The Group made no written off for trade receivables during the year ended 31 December 2022 (2021: Nil).

Notes to the Consolidated Financial Statements (Continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) *Credit risk (Continued)*

Other receivables

The Group uses three categories for other receivables, which reflect their credit risk, and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Company definition of category	Basis for recognition of expected credit loss provision
Stage one	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition	Lifetime expected losses
Stage three	Receivables for which there is a credit loss since initial recognition	Lifetime expected losses

The Group accounts for its credit risk by appropriately providing for expected losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

Since credit risk has not significantly increased after initial recognition, the loss allowance recognised was therefore limited to 12 months expected losses.

Notes to the Consolidated Financial Statements (Continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Other receivables (Continued)

As at 31 December 2022 and 2021, the loss allowance was determined as follows for other receivables:

	Deposit RMB'000	Due from other related parties RMB'000	Due from non- controlling interests RMB'000	Others RMB'000	Total RMB'000
Opening loss allowance as at 1 January 2022	(1,131)	(22,650)	(2,508)	(15,997)	(42,286)
(Increase)/decrease in the allowance recognised in profit or loss	(564)	(151,358)	(4,709)	37	(156,594)
Closing loss allowance as at 31 December 2022	(1,695)	(174,008)	(7,217)	(15,960)	(198,880)
	Deposit RMB'000	Due from other related parties RMB'000	Due from non- controlling interests RMB'000	Others RMB'000	Total RMB'000
Opening loss allowance as at 1 January 2021, as restated	(1,360)	(1,141)	(861)	(15,350)	(18,712)
Decrease/(increase) in the allowance recognised in profit or loss	229	(21,509)	(1,647)	(647)	(23,574)
Closing loss allowance as at 31 December 2021, as restated	(1,131)	(22,650)	(2,508)	(15,997)	(42,286)

Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The Group made no written off for other receivables during the year ended 31 December 2022 (2021: Nil).

Notes to the Consolidated Financial Statements (Continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) *Credit risk (Continued)*

Financial guarantee

The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk associated with these financial guarantee is immaterial.

(c) *Liquidity risk*

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

Notes to the Consolidated Financial Statements (Continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2022					
Borrowings (including interest)	8,186,376	5,086,604	6,213,375	11,242,137	30,728,492
Trade and other payables and loans/advances from other parties (including interest) (Note i)	11,366,957	2,428,738	–	–	13,795,695
Lease liabilities	29,501	9,131	1,903	–	40,535
	19,582,834	7,524,473	6,215,278	11,242,137	44,564,722
At 31 December 2021 (Restated)					
Borrowings (including interest)	10,999,994	4,393,227	10,439,749	8,886,534	34,719,504
Trade and other payables and loans/advances from other parties (including interest) (Note i)	13,974,431	650,652	1,558,227	–	16,183,310
Lease liabilities	34,526	9,398	6,425	–	50,349
	25,008,951	5,053,277	12,004,401	8,886,534	50,953,163

Notes:

- (i) Excluding staff welfare benefit payable, other tax payable and prepaid rental income from tenants.
- (ii) The table above does not include any potential liabilities which may be arising from the financial guarantee as disclosed in Note 33.

Notes to the Consolidated Financial Statements (Continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

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

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

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

The asset-liability ratios at 31 December 2022 and 2021 were as follows:

	As at 31 December 2022	2021
Asset-liability ratio	70%	71%

3.3 Fair value estimation

Other than investment properties, the Group has no other assets and liabilities that carried at fair value as at 31 December 2022 and 2021. The different levels regarding fair value determination have been defined as follows:

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

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

The carrying amounts of the Group's financial assets and liabilities approximated their fair values.

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

Notes to the Consolidated Financial Statements (Continued)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Critical accounting estimates and assumptions

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

(a) *Estimate of fair value of investment properties*

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

(b) *Estimate of impairment of properties under development and completed properties held for sale*

Property under development and completed properties held for sale is reviewed by management for impairment, whenever events or changes in circumstances indicate that the carrying amount may be higher than net realisable value. The net realisable value is the higher of estimated selling price of the properties in the ordinary course of business, less estimated costs to complete the development of properties (applicable to properties under development) and applicable variable selling expenses and carrying amount of the properties under development and completed properties held for sale. Management makes judgments on whether such events or changes in circumstances have occurred, and makes estimates mainly for selling price and cost to complete the development of the properties (applicable to properties under development) in determining the net realisable value.

(c) *Income taxes*

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

Notes to the Consolidated Financial Statements (Continued)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Critical accounting estimates and assumptions (Continued)

(d) *Land appreciation taxes*

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

(e) *Estimate of construction cost of completed properties held for sale*

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

(f) *Estimate of of impairment of properties*

Properties are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and value in use. The impairment assessment of the Group's properties was performed by the external value. Details of the judgement and assumptions have been disclosed in Note 8.

Notes to the Consolidated Financial Statements (Continued)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 Critical judgements in applying the entity's accounting policies

(a) *Revenue recognition*

The Group has recognised revenue from the sale of properties held for sale as disclosed in Note 2.23. The assessment of when an entity has transferred the control of the properties to buyers requires the examination of the circumstances of the transaction. In most cases, the transfer of control of the properties coincides with the date when the equitable interest in the property vests with the buyer upon release of the respective property to the buyer.

As disclosed in Note 33, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. These guarantees will expire when relevant property ownership certificates are lodged with the various banks by the purchasers. In order to obtain mortgages, the purchasers would have settled certain percentage of the total contract amount in accordance with related PRC regulations upon delivery of the properties. The directors of the Company are of the opinion that such settlements provide sufficient evidence of the purchasers' commitment to honour contractual obligation of the bank loans. In addition, based on the past experiences, there were no significant defaults of mortgage facilities by the purchasers resulted in the bank guarantees were called upon. Accordingly, the directors of the Company believe that control associated to the ownership of the properties have been transferred to the purchasers.

Notes to the Consolidated Financial Statements (Continued)

5. SEGMENT INFORMATION

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

The Board considers the business from product/service perspectives. From product/service perspectives, management assesses the performance of the segments of real estate development and convention and exhibition (including hotels) and commercial properties. Real estate development is the segment which involves the sales of developed properties; convention and exhibition (including hotels) and commercial properties is the segment which involves in operation of rental apartments, office buildings, conference centers and hotels.

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

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

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

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

Notes to the Consolidated Financial Statements (Continued)

5. SEGMENT INFORMATION (CONTINUED)

The Group's revenue consists of revenue from sales of developed properties and revenue from the operation of convention and exhibition (including hotels) and commercial properties. Revenues recognised during the years ended 31 December 2022 and 2021 are as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Revenue		
Real estate development segment	10,964,541	20,128,085
Convention and exhibition (including hotels) and commercial properties segment	1,881,782	1,909,995
	12,846,323	22,038,080
Other segments	142,617	144,774
	12,988,940	22,182,854

During the years ended 31 December 2022 and 2021, the Group derives revenue from the deliveries of properties, goods and services over time and at a point in time from the following segments:

	At a point in time RMB'000	Over time RMB'000
Year ended 31 December 2022		
Real estate development segment	10,964,541	–
Convention and exhibition (including hotels) and commercial properties segment*	189,038	538,193
Other segments	18,950	123,667
	11,172,529	661,860
Year ended 31 December 2021 (Restated)		
Real estate development segment	20,128,085	–
Convention and exhibition (including hotels) and commercial properties segment*	63,628	553,371
Other segments	26,244	118,530
	20,217,957	671,901

* Rental income for the year ended of 31 December 2022 of RMB1,154,551,000 (2021: RMB1,292,996,000) is recognised on a straight-line basis over the term of the lease and has not been included in the above analysis.

Notes to the Consolidated Financial Statements (Continued)

5. SEGMENT INFORMATION (CONTINUED)

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

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

The segment information provided to the Board for the reportable segments for the year ended 31 December 2022 is as follows:

Business segment	Real estate development RMB'000	Convention and exhibition (including hotels) and commercial properties RMB'000	Other segments RMB'000	Total RMB'000
Total segment revenue	10,964,541	1,943,237	177,979	13,085,757
Inter-segment revenue	–	(61,455)	(35,362)	(96,817)
Revenue from external customers	10,964,541	1,881,782	142,617	12,988,940
Adjusted loss before income tax	(608,149)	(95,479)	(90,180)	(793,808)
Adjusted profit/(loss) before income tax is stated after (charging)/crediting the following:				
Adjusted cost of sales or services rendered	(8,977,560)	(1,189,225)	(152,979)	(10,319,764)
Adjusted depreciation and amortisation	(39,598)	(433,731)	(10,005)	(483,334)
Finance income	39,360	1,236	43	40,639
Finance expenses	(556,998)	–	–	(556,998)
Share of net (loss)/profit from investments accounted for using the equity method	(60,056)	1,023	–	(59,033)
Adjusted income tax (expenses)/credit	(886,790)	23,870	22,545	(840,375)

Notes to the Consolidated Financial Statements (Continued)

5. SEGMENT INFORMATION (CONTINUED)

The restated segment information provided to the Board for the reportable segments for the year ended 31 December 2021 is as follows:

Business segment, as restated	Real estate development <i>RMB'000</i>	Convention and exhibition (including hotels) and commercial properties <i>RMB'000</i>	Other segments <i>RMB'000</i>	Total <i>RMB'000</i>
Total segment revenue	20,128,085	1,932,999	200,529	22,261,613
Inter-segment revenue	–	(23,004)	(55,755)	(78,759)
Revenue from external customers	20,128,085	1,909,995	144,774	22,182,854
Adjusted profit/(loss) before income tax	1,235,095	(140,945)	(83,937)	1,010,213
Adjusted profit/(loss) before income tax is stated after (charging)/crediting the following:				
Adjusted cost of sales or services rendered	(16,465,368)	(1,025,298)	(136,428)	(17,627,094)
Adjusted depreciation and amortisation	(102,692)	(224,497)	(8,277)	(335,466)
Finance income	34,667	1,982	57	36,706
Finance expenses	(354,212)	–	–	(354,212)
Share of net profit from investments accounted for using the equity method	238,509	799	–	239,308
Adjusted income tax (expenses)/credit	(1,450,065)	36,929	1,214	(1,411,922)

Notes to the Consolidated Financial Statements (Continued)

5. SEGMENT INFORMATION (CONTINUED)

The segment information as at 31 December 2022 and 2021 is as follows:

Business segment	Real estate development <i>RMB'000</i>	Convention and exhibition (including hotels) and commercial properties <i>RMB'000</i>	Other segments <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2022				
Total segment assets	49,234,371	10,655,558	108,356	59,998,285
Total segment assets include:				
Investments accounted for using the equity method	353,493	4,272	–	357,765
Additions to non-current assets (other than deferred income tax assets)	276,093	181,323	4,200	461,616
Total segment liabilities	37,500,019	1,345,710	302,655	39,148,384
Contract liabilities	10,462,777	140,066	6,487	10,609,330
As at 31 December 2021 (Restated)				
Total segment assets	58,812,728	10,994,088	104,551	69,911,367
Total segment assets include:				
Investments accounted for using the equity method	632,487	3,249	–	635,736
Additions to non-current assets (other than deferred income tax assets)	48,194	2,034,955	41,236	2,124,385
Total segment liabilities	47,706,581	1,728,626	175,484	49,610,691
Contract liabilities	11,827,421	286,781	9,651	12,123,853

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

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

As at 31 December 2022, the contract liabilities mainly included the payments received from pre-sales of properties which were usually received in advance of the performance under the contracts. The decrease in contract liabilities during the year was in line with the decrease in the Group's contracted sales.

Notes to the Consolidated Financial Statements (Continued)

5. SEGMENT INFORMATION (CONTINUED)

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

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Real estate development segment	5,301,154	15,749,391
Convention and exhibition (including hotels) and commercial properties segment	282,971	163,649
Other segments	9,651	1,373
	5,593,776	15,914,413

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

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Adjusted (loss)/profit before income tax for reportable segments	(793,808)	1,010,213
Corporate overheads	(229,529)	(195,878)
Corporate finance expense	(346,852)	(334,742)
Corporate finance income	87,022	101,389
Provision for impairment losses on financial assets	(155,330)	(21,249)
Other income	299	16,345
Other losses – net	(108)	(1,459)
Fair value losses on investment properties	(244,246)	(134,226)
Reversal of depreciation and impairment of investment properties	414,466	310,461
Land appreciation tax	464,973	839,734
(Loss)/profit before income tax	(803,113)	1,590,588

Notes to the Consolidated Financial Statements (Continued)

5. SEGMENT INFORMATION (CONTINUED)

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

	As at 31 December	
	2022	2021
	RMB'000	<i>RMB'000</i>
		(Restated)
Total segment assets	59,998,285	69,911,367
Deferred income tax assets at corporate level	1,043,076	960,125
Corporate cash	5,372,061	7,497,052
Accumulated fair value gains on investment properties	5,547,900	5,792,146
Reversal of accumulated depreciation and impairment of investment properties	3,284,620	2,870,154
Corporate loan advanced to joint ventures and an associate	854,832	1,436,573
Other corporate current assets	11,962	11,935
Total assets per consolidated balance sheet	76,112,736	88,479,352
Total segment liabilities	39,148,384	49,610,691
Deferred income tax liabilities at corporate level	2,208,129	2,165,575
Corporate borrowings	10,178,111	7,947,941
Other corporate liabilities	1,994,019	2,886,612
Total liabilities per consolidated balance sheet	53,528,643	62,610,819

The reconciliation between the Group's depreciation and amortisation for reportable segments and corresponding amount per disclosure for property, plant and equipment (Note 8) and right-of-use assets (Note 6) are mainly reversal of depreciation of investment properties and other related adjustments amounting to RMB271,471,000 (2021: RMB167,921,000).

The reconciliation between reportable segment income tax expenses and total income tax expenses is amounting to RMB118,311,000 (2021: RMB61,392,000), representing the impact of the aforementioned reconciliation items including corporate overheads, corporate financial expense, corporate financial income, fair value gains/(losses) on investment properties and reversal of depreciation of investment properties.

The Company and its subsidiaries were incorporated in the PRC and all the revenue from external customers of the Group for the years ended 31 December 2022 and 2021 are derived in the PRC.

At 31 December 2022 and 2021, all the Group's non-current assets other than deferred income tax assets are located in the PRC.

The Group has a large number of customers, and there was no significant revenue derived from any specific external customers for the years ended 31 December 2022 and 2021.

Notes to the Consolidated Financial Statements (Continued)

6. RIGHT-OF-USE ASSETS AND LEASES

(a) Right-of-use assets

	2022 RMB'000	2021 RMB'000 (Restated)
At 1 January	455,018	467,600
Addition	27,361	30,130
Termination of lease and disposal	(678)	–
Depreciation charge	(48,671)	(42,712)
At 31 December	433,030	455,018

Notes:

- (i) As at 31 December 2022 and 2021, the Group's right-of-use assets comprise of land use rights, leased land and properties and details of which has been set out in Note (b)(i) below.
- (ii) As at 31 December 2022, certain right-of-use assets with net book value of RMB404,394,000 (2021: RMB418,304,000) are pledged as securities for bank and other borrowings (Note 23).

(b) Leases

This note provides information for leases where the Group is a lessee.

- (i) Amounts recognised in the consolidated balance sheet

	As at 31 December 2022 RMB'000	2021 RMB'000 (Restated)
Right-of-use assets		
Land use rights and leased land*	408,223	422,888
Leased properties	24,807	32,130
	433,030	455,018

* As at 31 December 2022, land use rights with carrying amounts of RMB404,394,000 (2021: RMB419,059,000) represent the prepaid lease payments made to the Mainland China government for the use of land for a lease term of 40 years. As at 31 December 2022, leased land with carrying amount of RMB3,829,000 (2021: RMB3,829,000) represent the net book amount of the land as leased from BNSIGC.

Notes to the Consolidated Financial Statements (Continued)

6. RIGHT-OF-USE ASSETS AND LEASES (CONTINUED)

(b) Leases (Continued)

(i) Amounts recognised in the consolidated balance sheet (Continued)

	As at 31 December 2022 RMB'000	2021 RMB'000 (Restated)
Lease liabilities		
Current	26,751	32,280
Non-current	10,503	14,543
	37,254	46,823

(ii) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	2022 RMB'000	2021 RMB'000 (Restated)
Depreciation charge on right-of-use assets	(48,671)	(42,712)
Interest expense on lease liability (included in finance expenses)	(2,305)	(2,669)
Expense relating to short-term leases (included in cost of sales and administrative expenses)	(11,617)	(9,964)

The total cash outflow for leases in 2022 was RMB49,703,000(2021: RMB48,156,000).

(iii) The Group's leasing activities and how these are accounted for

In addition to the land use rights as mentioned in Note 6(b)(i) above, the Group leases various land, properties and equipments. Rental contracts are typically made for fixed periods of 1 year to 6 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The lease agreements do not contain variable lease payments terms, extension and termination options and the Group does not provide any residual value guarantees.

Notes to the Consolidated Financial Statements (Continued)

7. INVESTMENT PROPERTIES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
At fair value		
At 1 January	16,709,399	15,344,734
Additions	37,160	805,255
Transfer from properties under development and completed properties held-for-sale	363,862	693,642
Disposal	–	(6)
Fair value losses recognised in profit or loss	(244,246)	(134,226)
Others (<i>note</i>)	(39,896)	–
At 31 December	16,826,279	16,709,399

Note: Others represent the amounts adjusted for the differences between the final settled costs and the estimated costs as originally recognised based on the budgeted completion costs of the related properties.

(a) Amounts recognised in consolidated income statement for investment properties

	Year ended 31 December	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Rental income	1,132,995	1,258,963
Direct operating expenses arising from investment properties that generate rental income	(727,226)	(509,319)
Direct operating expenses that did not generate rental income	(388,035)	(441,935)
Fair value losses recognised in profit or loss	(244,246)	(134,226)

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

Refer to Note 34(a) for disclosure of contractual obligations for repairs, maintenance or enhancements.

The investment properties are leased to tenants under operating leases with rentals payable monthly or quarterly, and there are variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the Group may obtain deposits on the term of leases.

Notes to the Consolidated Financial Statements (Continued)

7. INVESTMENT PROPERTIES (CONTINUED)

(a) Amounts recognised in consolidated income statement for investment properties (Continued)

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

The minimum lease payments receivable on leases of investment properties has been sent out in Note 34(b).

(b) Valuation basis

An independent valuation of the Group's investment properties was performed by the external valuer, Greater China Appraisal Limited ("GCAL"), to determine the fair value of the investment properties as at 31 December 2022 and 2021.

(i) Fair value hierarchy

	Fair value measurements at 31 December using significant unobservable inputs (Level 3)	
	2022 RMB'000	2021 RMB'000 (Restated)
Recurring fair value measurements for investment properties including:		
Office units	6,786,759	6,385,000
Apartments	2,206,250	2,077,470
Convention centers	3,971,000	4,017,000
Shopping malls	3,850,841	4,218,500
Others	11,429	11,429
	16,826,279	16,709,399

All of the Group's investment properties are located in Beijing, Changsha and Wuhan, the PRC and the fair value of all investment properties of the Group are included in level 3 of the fair value hierarchy.

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

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

Notes to the Consolidated Financial Statements (Continued)

7. INVESTMENT PROPERTIES (CONTINUED)

(b) Valuation basis (Continued)

(ii) Valuation processes of the Group

The Group's investment properties were valued on 31 December 2022 by the independent professional qualified valuer who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the chief financial officer ("CFO"). Discussions of valuation process and results are held between the CFO, the valuation team and the valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At the end of each financial year, the finance department:

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

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

Notes to the Consolidated Financial Statements (Continued)

7. INVESTMENT PROPERTIES (CONTINUED)

(b) Valuation basis (Continued)

(iii) Valuation techniques

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

For convention centers and apartment block A, the valuation was determined using discounted cash flow projections based on significant unobservable inputs. These inputs include:

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

Notes to the Consolidated Financial Statements (Continued)

7. INVESTMENT PROPERTIES (CONTINUED)

(b) Valuation basis (Continued)

(iii) Valuation techniques (Continued)

For the properties under development, the valuations have assumed that the properties will be renovated and completed in accordance with the latest renovation proposals. In arriving at the market value, it has taken into account the renovation costs relevant to the stage of renovation as at the valuation date and the remainder of the costs and fees to be expended to complete the renovation. In assessing the gross development values, it was based on income capitalisation approach (term and reversionary method) which largely used unobservable inputs (e.g. market rent, yield, etc.). These inputs include:

Rental income	Based on actual location, size, quality and floor level of the properties and taking into account market data at the valuation date;
Capitalisation rates	Based on actual location, size and quality of the properties and taking into account market data at the valuation date;
Cost to completion	Based on latest renovation plan and relevant costs estimated.

Notes to the Consolidated Financial Statements (Continued)

7. INVESTMENT PROPERTIES (CONTINUED)

(b) Valuation basis (Continued)

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

The following table analyses the investment properties carried at fair value, by valuation method.

Description	Fair value at 31 December 2022 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Investment properties -office units, apartments (except block A), and shopping malls	12,481,350	Income approach (term and reversionary method)	Term yield	0.5% to 1.0% downward adjustment on the reversionary yield	The higher the term yield, the lower the fair value
			Reversionary yield	From 2.2% to 9.0%	The higher the reversionary yield, the lower the fair value
			Market rents	RMB0.28-RMB25.00/sq.m/day	The higher the market rents, the higher the fair value
Investment properties -convention centers	3,971,000	Discounted cash flow	Rental value	For Year 1 to 5 RMB3.36-7.28/sq.m/day	The higher the rental value, the higher the fair value
			Discount rate	From 11.0% to 12.0%	The higher the discount rate, the lower the fair value
Investment properties -apartment (block A)	76,000	Discounted cash flow	Room rate	For Year 1 to 5 RMB421 - 477/room/day	The higher the room rate, the higher the fair value
			Discount rate	9.5%	The higher the discount rate, the lower the fair value
Investment properties under development-office units	286,500	Income approach (term and reversionary method)	Term yield	0.5% to 1.0% downward adjustment on the reversionary yield	The higher the term yield, the lower the fair value
			Reversionary yield	From 7.5% to 9.0%	The higher the reversionary yield, the lower the fair value
			Market rents	RMB4.0 - 26.67/sq.m/day	The higher the rental value, the higher the fair value
		Residual method	Development costs to completion	Approximately RMB4,319 - 16,416/sq.m	The higher the cost, the lower the fair value
Investment properties-others	11,429	Discounted cash flow	Annual rent	Approximately RMB16,000,000	The higher the annual rent, the higher the fair value
			Discount rate	6.01%	The higher the discount rate, the lower the fair value

Notes to the Consolidated Financial Statements (Continued)

7. INVESTMENT PROPERTIES (CONTINUED)

(b) Valuation basis (Continued)

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

Description	Fair value at 31 December 2021 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Investment properties -office units, apartments (except block A), and shopping malls	12,414,970	Income approach (term and reversionary method)	Term yield	0.5% to 1.5% downward adjustment on the reversionary yield	The higher the term yield, the lower the fair value
			Reversionary yield	From 4% to 11.5%	The higher the reversionary yield, the lower the fair value
			Market rents	RMB1.3-RMB16.3/sq.m/day	The higher the market rents, the higher the fair value
Investment properties -convention centers	4,017,000	Discounted cash flow	Rental value	For Year 1 to 5, RMB3.81-7.57/sq.m/day	The higher the rental value, the higher the fair value
			Discount rate	From 11.0% to 12.5%	The higher the discount rate, the lower the fair value
Investment properties -apartment (block A)	74,000	Discounted cash flow	Room rate	For Year 1 to 5, RMB448 - 466/room/day	The higher the room rate, the higher the fair value
			Discount rate	9.5%	The higher the discount rate, the lower the fair value
Investment properties under development-office units	192,000	Income approach (term and reversionary method)	Term yield	0.5% downward adjustment on the reversionary yield	The higher the term yield, the lower the fair value
			Reversionary yield	From 7% to 8%	The higher the reversionary yield, the lower the fair value
			Market rents	RMB7.7 - RMB11.3/sq.m/day	The higher the rental value, the higher the fair value
Investment properties-others	11,429	Residual method	Development costs to completion	Approximately RMB5,100/sq.m	The higher the cost, the lower the fair value
			Discounted cash flow	Annual rent	Approximately RMB16,000,000
			Discount rate	6.01%	The higher the discount rate, the lower the fair value

Notes to the Consolidated Financial Statements (Continued)

7. INVESTMENT PROPERTIES (CONTINUED)

(c) Non-current assets pledged as securities

As at 31 December 2022, certain investment properties with fair value of RMB12,387,000,000 (2021: RMB12,810,000,000) were pledged as securities for bank and other borrowings (Note 23).

8. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Hotel properties RMB'000	Plant and machinery RMB'000	Furniture, fixtures, equipment and motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2021 (Restated)						
Cost	599,807	1,771,109	506,995	730,544	721,121	4,329,576
Accumulated depreciation	(281,360)	(657,109)	(415,607)	(581,728)	-	(1,935,804)
Net book amount	318,447	1,114,000	91,388	148,816	721,121	2,393,772
Year ended 31 December 2021 (Restated)						
Opening net book amount	318,447	1,114,000	91,388	148,816	721,121	2,393,772
Additions	-	19,542	21,123	103,073	345,351	489,089
Disposals	(75)	-	(1,888)	(2,307)	-	(4,270)
Transfers	-	925,425	99,354	35,218	(1,059,997)	-
Depreciation	(7,292)	(48,617)	(28,038)	(40,887)	-	(124,834)
Others (i)	(2,053)	-	1,647	9	-	(397)
Impairment (ii)	-	(78,961)	-	-	-	(78,961)
Closing net book amount	309,027	1,931,389	183,586	243,922	6,475	2,674,399
At 31 December 2021 (Restated)						
Cost	597,604	2,716,076	611,228	847,645	6,475	4,779,028
Accumulated depreciation and impairment	(288,577)	(784,687)	(427,642)	(603,723)	-	(2,104,629)
Net book amount	309,027	1,931,389	183,586	243,922	6,475	2,674,399
Year ended 31 December 2022						
Opening net book amount	309,027	1,931,389	183,586	243,922	6,475	2,674,399
Additions	-	-	10,211	31,197	3,196	44,604
Disposals	-	-	(1,823)	(599)	-	(2,422)
Transfers	-	-	2,728	5,721	(8,449)	-
Depreciation	(31,152)	(45,678)	(39,023)	(47,339)	-	(163,192)
Others (i)	(10,503)	-	36,876	(36,104)	-	(9,731)
Closing net book amount	267,372	1,885,711	192,555	196,798	1,222	2,543,658
At 31 December 2022						
Cost	587,032	2,716,076	654,925	844,822	1,222	4,804,077
Accumulated depreciation and impairment	(319,660)	(830,365)	(462,370)	(648,024)	-	(2,260,419)
Net book amount	267,372	1,885,711	192,555	196,798	1,222	2,543,658

Notes to the Consolidated Financial Statements (Continued)

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes:

- (i) Others represent the amounts adjusted for the differences between the final settled costs and the estimated costs as originally recognised based on the budgeted completion costs of the related assets.
- (ii) As at 31 December 2022, the impairment provision of a hotel property is appropriately RMB78,961,000 (2021: RMB78,961,000).

The impairment assessment was performed by the external valuer, GCAL, which has adopted the discounted cash flow model to determining the value in use of the related property. The significant unobservable input mainly included discount rate of 9.5%.

- (iii) For the year ended 31 December 2022, depreciation expense of RMB134,946,000, RMB3,162,000 and RMB25,084,000 in cost of sales, selling and marketing expenses and administrative expenses, respectively (2021: RMB93,442,000, RMB2,564,000 and RMB28,828,000 in cost of sales, selling and marketing expenses and administrative expenses, respectively) in the consolidated income statement.
- (iv) As at 31 December 2022, certain hotel properties with net book value of RMB1,658,880,000 (2021: RMB1,619,550,000) are pledged as securities for bank and other borrowings (Note 23).

Notes to the Consolidated Financial Statements (Continued)

9. SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2022. All subsidiaries are established and operate in the PRC.

Name	Place of incorporation	Principal activities and place of operation	Registered capital	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2022	2021	2022	2021
Beijing North Star Real Estate Development Co., Limited 北京北辰房地產開發股份有限公司("BNSRE") (Note i)	Beijing	Property development in Beijing	RMB500,180,000	99.05%	99.05%	0.95%	0.95%
Beijing North Star Lu Zhou Commercial Trading Co., Limited 北京北辰綠洲商貿有限公司 (Notes iii and iv)	Beijing	Trading in Beijing	RMB1,000,000	100%	100%	-	-
Beijing North Star Xin Cheng Property Management Co., Limited 北京北辰信誠物業管理有限責任公司 (Notes iii and iv)	Beijing	Property management in Beijing	RMB5,000,000	100%	100%	-	-
Beijing Jiang Zhuang Hu Property Co., Limited 北京姜莊湖園林別墅開發有限公司 (Notes ii, iv and v)	Beijing	Property development in Beijing	US\$16,000,000	51%	51%	49%	49%
Beijing Tian Cheng Tian Property Co., Limited 北京天成天房地產開發有限公司 (Notes iii and iv)	Beijing	Property development in Beijing	RMB11,000,000	100%	100%	-	-
Beijing North Star Xintong Internet Technology Service Co., Limited 北京北辰信通網絡技術服務有限公司 (Notes iii, iv and vi)	Beijing	Multimedia information network development, system integration and software development in Beijing	RMB20,000,000	100%	100%	-	-
Changsha North Star Real Estate Development Co., Limited 長沙北辰房地產開發有限公司 (Note iii)	Changsha	Property development in Changsha	RMB1,200,000,000	100%	100%	-	-
Beijing Shouchang Property Management Co., Limited 北京首倡物業管理有限公司 (Notes iii and iv)	Beijing	Property management in Beijing	RMB5,140,600	100%	100%	-	-
Beijing North Star Hotel Management Co., Limited 北京北辰酒店管理有限公司 (Notes iii and iv)	Beijing	Hotel and restaurant management consulting service in Beijing	RMB20,500,000	100%	100%	-	-
Beijing North Star Times Exhibition Co., Limited 北京北辰時代會展有限公司 (Notes iii and iv)	Beijing	Convention and exhibition in Beijing	RMB10,000,000	100%	100%	-	-
Beijing North Star Exhibition Research Co., Limited 北京北辰會展研究院有限公司 (Notes iii and iv)	Beijing	Convention and exhibition in Beijing	RMB 10,000,000	100%	100%	-	-
Beijing North Star Exhibition Information Service Co., Limited 北京北辰會展信息服務有限公司 (Notes iii and iv)	Beijing	Convention and exhibition in Beijing	RMB 20,000,000	100%	100%	-	-
Capital Exhibition (Group) Co., Limited ("CEGC") 首都會展(集團)有限公司 (Notes iv, v and vi)	Beijing	Convention and exhibition in Beijing	RMB 63,196,100	60%	60%	40%	40%

Notes to the Consolidated Financial Statements (Continued)

9. SUBSIDIARIES (CONTINUED)

Name	Place of incorporation	Principal activities and place of operation	Registered capital	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2022	2021	2022	2021
Beijing North Star Linghang Business Exhibition Research Co., Limited 北京北辰領航商務會展有限公司(Notes iii and iv)	Beijing	Convention and exhibition in Beijing	RMB10,000,000	100%	100%	-	-
Changsha Central Garden Real Estate Co., Limited ("CSCGRE")長沙世紀御景房地產有限公司(Notes iii and v)	Changsha	Property development in Changsha	RMB20,410,000	51%	51%	49%	49%
Hangzhou North Star Real Estate Co., Limited 杭州北辰置業有限公司(Note iii)	Hangzhou	Property development in Hangzhou	RMB50,000,000	80%	80%	20%	20%
Beijing North Star MOMA Real Estate Co., Limited 北京北辰當代置業有限公司(Notes iii and v)	Beijing	Property development in Beijing	RMB50,000,000	50%	50%	50%	50%
Wuhan Guanggu Creative Culture Science & Technology Park Co., Limited 武漢光谷創意文化科技園有限公司(Notes iii and v)	Wuhan	Property development in Wuhan	RMB40,816,000	51%	51%	49%	49%
Chengdu Chenshi Real Estate Co., Limited 成都辰詩置業有限公司(Notes iii and v)	Chengdu	Property development in Chengdu	RMB70,000,000	40%	40%	60%	60%
Nanjing Xunchen Real Estate Co., Limited 南京旭辰置業有限公司(Notes iii and v)	Nanjing	Property development in Nanjing	RMB50,000,000	51%	51%	49%	49%
Langfang North Star Real Estate Co., Limited 廊坊市北辰房地產開發有限公司(Note iii)	Langfang	Property development in Langfang	RMB31,000,000	100%	100%	-	-
Suzhou North Star Xuzhao Real Estate Co., Limited ("SZXZ")蘇州北辰旭昭置業有限公司(Notes iii and v)	Suzhou	Property development in Suzhou	RMB700,000,000	50%	50%	50%	50%
Chengdu North Star Real Estate Co., Limited 成都北辰置業有限公司(Note iii)	Chengdu	Property development in Chengdu	RMB50,000,000	100%	100%	-	-
Chengdu North Star Tianfu Investment Co., Limited 成都北辰天府置業有限公司(Note iii)	Chengdu	Property development in Chengdu	RMB50,000,000	100%	100%	-	-
Hangzhou North Star Jinghua Investment Co., Limited 杭州北辰京華置業有限公司(Note iii)	Hangzhou	Property development in Hangzhou	RMB50,000,000	100%	100%	-	-
Hefei Chenxu Real Estate Development Co., Limited 合肥辰旭房地產開發有限公司(Notes iii and v)	Hefei	Property development in Hefei	RMB50,000,000	50%	50%	50%	50%
Ningbo North Star Jinghua Investment Co., Limited 寧波北辰京華置業有限公司(Notes iii and vi)	Ningbo	Property development in Ningbo	RMB20,000,000	100%	100%	-	-
Chongqing North Star Liangjiang Investment Co., Limited 重慶北辰兩江置業有限公司(Note iii)	Chongqing	Property development in Chongqing	RMB10,000,000	100%	100%	-	-
Suzhou North Star Investment Co., Limited 蘇州北辰置業有限公司(Note iii)	Suzhou	Property development in Suzhou	RMB30,000,000	100%	100%	-	-

Notes to the Consolidated Financial Statements (Continued)

9. SUBSIDIARIES (CONTINUED)

Name	Place of incorporation	Principal activities and place of operation	Registered capital	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2022	2021	2022	2021
Ningbo Chenxin Investment Co., Limited 寧波辰新置業有限公司(Notes iii and v)	Ningbo	Property development in Ningbo	RMB50,000,000	51%	51%	49%	49%
Beijing North Star Real Estate Group Co. Limited("NSREG")北京北辰地產集團有限公司(Notes iii and vi)	Beijing	Investment management In Beijing	RMB 6,974,093,600	100%	100%	-	-
Wuhan North Star Chenzhi Real Estate Development Company Limited 武漢北辰智地產開發有限公司(Notes iii)	Wuhan	Property development in Wuhan	RMB30,000,000	100%	100%	-	-
Wuhan North Star Chenhui Real Estate Development Company Limited 武漢北辰慧地產開發有限公司(Notes iii)	Wuhan	Property development in Wuhan	RMB30,000,000	100%	100%	-	-
Haikou Chenzhi Real Estate Company Limited 海口辰智置業有限公司(Notes iii)	Haikou	Property development in Haikou	RMB50,000,000	70%	70%	30%	30%
Chengdu North Star Huafu Real Estate Co. Limited 成都北辰華府置業有限公司(Notes iii)	Chengdu	Property development in Chengdu	RMB50,000,000	100%	100%	-	-
Sichuan North Star Tianren Real Estate Co. Limited 四川北辰天仁置業有限公司(Notes iii)	Chengdu	Property development in Chengdu	RMB100,000,000	100%	100%	-	-
Wuhan North Star Pilot Business Exhibition Co. Limited 武漢北辰領航商務會展有限公司(Notes iii and iv)	Wuhan	Convention and exhibition in Wuhan	RMB6,000,000	60%	60%	40%	40%
Chengdu North Star Zhongjin Exhibition Co. Limited 成都北辰中金展覽有限公司(Notes iii, iv, v and vi)	Chengdu	Convention and exhibition in Chengdu	RMB5,000,000	51%	51%	49%	49%
Wuhan Jinchenyingzhi Real Estate Co. Limited 武漢金辰盈置業有限公司(Notes iii, v and vi)	Wuhan	Property development in Wuhan	RMB20,000,000	51%	51%	49%	49%
Wuhan Yuchen Real Estate Co. Limited 武漢裕辰地產開發有限公司(Notes iii and vi)	Wuhan	Property development in Wuhan	RMB30,000,000	60%	60%	40%	40%
Wuhan North Star Guangda Creative Industry Operation Management Co., Limited 武漢北辰廣大創意產業運營管理有限公司(Notes iii and v)	Wuhan	Property management in Wuhan	RMB 2,000,000	51%	51%	49%	49%
Hangzhou North Star Jingcheng Real Estate Co. Limited 杭州北辰京誠置業有限公司(Notes iii and vi)	Hangzhou	Property development in Hangzhou	RMB20,000,000	100%	100%	-	-
Beijing Chenyu Real Estate Co. Limited ("BJCY")北京宸宇房地產開發有限公司(Notes iii and v)	Beijing	Property development in Beijing	RMB50,000,000	51%	51%	49%	49%
Wuhan Chenfa Real Estate Co. Limited 武漢辰發房地產開發有限公司(Notes iii and vi)	Wuhan	Property development in Wuhan	RMB30,000,000	80%	80%	20%	20%
Wuhan Chenzhan Real Estate Co. Limited 武漢辰展房地產開發有限公司(Notes iii and vi)	Wuhan	Property development in Wuhan	RMB30,000,000	80%	80%	20%	20%

Notes to the Consolidated Financial Statements (Continued)

9. SUBSIDIARIES (CONTINUED)

Name	Place of incorporation	Principal activities and place of operation	Registered capital	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2022	2021	2022	2021
Changsha Binchen Real Estate Co. Limited 長沙濱辰置業有限公司(Notes iii and vi)	Changsha	Property development in Changsha	RMB40,000,000	100%	100%	-	-
Langfang Chenzhi Real Estate Co. Limited 廊坊辰智房地產開發有限公司(Notes iii and vi)	Langfang	Property development in Langfang	RMB 31,000,000	100%	100%	-	-
Chengdu Tianchen Real Estate Co. Limited 成都天辰置業有限公司(Notes iii)	Chengdu	Property development in Chengdu	RMB 50,000,000	80%	80%	20%	20%
Chongqing Beichen Heyue Real Estate Co. Limited 重慶北辰合悅置業有限公司(Notes iii and vi)	Chongqing	Property development in Chongqing	RMB 50,000,000	100%	100%	-	-
Guangzhou Chenxu Real Estate Co. Limited 廣州辰旭置業有限公司(Notes iii, v and vi)	Guangzhou	Property development in Guangzhou	RMB 50,000,000	51%	51%	49%	49%
Beijing North Star Xingshun Exhibition Co. Limited 北京北辰興順會展有限公司(Notes iii and iv)	Beijing	Convention and exhibition in Beijing	RMB 50,000,000	90%	90%	10%	10%
Ningbo North Star Jingcheng Real Estate Co. Limited 寧波北辰京誠置業有限公司(Notes iii)	Ningbo	Property development in Ningbo	RMB 50,000,000	100%	100%	-	-
Langfang Chenrui Real Estate Development Co., Ltd 廊坊市辰睿房地產開發有限公司(Notes iii)	Langfang	Property development in Langfang	RMB 31,000,000	100%	100%	-	-
Diaoyutai North Star Exhibition Co. Limited 釣魚台北辰(北京)會展有限公司(Notes iii, iv and v)	Beijing	Convention and exhibition in Beijing	RMB 20,000,000	51%	51%	49%	49%
Haikou Chenrui Real Estate Co. Limited 海口辰睿置業有限公司(Notes iii)	Haikou	Property development in Haikou	RMB 50,000,000	100%	100%	-	-
Hangzhou North Star Jingyang Real Estate Co. Limited 杭州北辰京陽置業有限公司(Notes iii)	Hangzhou	Property development in Hangzhou	RMB 50,000,000	100%	100%	-	-
Beijing International Exhibition Center Co. Limited 北京國際展覽中心有限公司(Notes iii)	Beijing	Convention and exhibition in Beijing	RMB 20,000,000	100%	-	-	-
Beijing North Star Business Management Co. Limited 北京北辰商業管理有限公司(Notes iii and vi)	Beijing	Hotel and restaurant management consulting service in Beijing	RMB 50,000,000	100%	-	-	-

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

Notes to the Consolidated Financial Statements (Continued)

9. SUBSIDIARIES (CONTINUED)

- (i) BNSRE is a joint stock limited company. A joint stock limited company is a company having a registered share capital divided into shares of equal par value.
- (ii) These companies are equity joint ventures. Equity joint ventures are sino-foreign joint ventures of which the partners' capital contribution ratios are defined in the joint venture contracts and the partners' profit-sharing ratios are in proportion to the capital contribution ratios.
- (iii) These companies are limited liability companies.
- (iv) Subsidiaries not audited by PricewaterhouseCoopers. The aggregate net assets of subsidiaries not audited by PricewaterhouseCoopers amounted to approximately 4.21% of the Group's total net assets.
- (v) Although the Group only owns equity interests of 51% or less in these companies, the Group has the power to control and direct the key of operating and financing activities of these companies through the Group's presence in the board of directors of these companies. Consequently, these companies are considered as subsidiaries of the Group.
- (vi) These companies are directly hold by the Company.

Notes to the Consolidated Financial Statements (Continued)

9. SUBSIDIARIES (CONTINUED)

(a) Material non-controlling interests (“NCI”)

The loss attributable to non-controlling interest for the year ended 31 December 2022 amounting to approximately RMB79,184,000, which are mainly from SZXZ and BJCY. The total non-controlling interest in respect of other subsidiaries is not material.

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised balance sheet

(i) SZXZ

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Current		
Assets	1,108,685	1,145,993
Liabilities	(321,120)	(309,921)
Total net current assets	787,565	836,072
Non-current		
Assets	4,815	4,542
Liabilities	–	–
Total net non-current assets	4,815	4,542
Net assets	792,380	840,614
Accumulated non-controlling interests	396,190	420,307

Notes to the Consolidated Financial Statements (Continued)

9. SUBSIDIARIES (CONTINUED)

(a) Material non-controlling interests (“NCI”) (Continued)

Summarised balance sheet (Continued)

(ii) BJCY

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Current		
Assets	4,759,566	5,220,381
Liabilities	(256,142)	(459,771)
Total net current assets	4,503,424	4,760,610
Non-current		
Assets	165,100	156
Liabilities	–	–
Total net non-current assets	165,100	156
Net assets	4,668,524	4,760,766
Accumulated non-controlling interests	2,287,577	2,332,775

Summarised statement of comprehensive income

(i) SZXZ

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue	13,042	12,659
Post-tax profit/(loss)	1,766	(5,455)
Other comprehensive income	–	–
Total comprehensive income/(loss)	1,766	(5,455)
Total comprehensive income/(loss) allocated to NCI	883	(2,728)
Dividends paid to NCI	25,000	250,000

Notes to the Consolidated Financial Statements (Continued)

9. SUBSIDIARIES (CONTINUED)

(a) Material non-controlling interests (“NCI”) (Continued)

Summarised statement of comprehensive income (Continued)

(ii) BJCY

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue	884,979	3,714,408
Post-tax loss	(92,242)	(137,371)
Other comprehensive income	–	–
Total comprehensive loss	(92,242)	(137,371)
Total comprehensive loss allocated to NCI	(45,199)	(67,312)
Dividends paid to NCI	–	–

Summarised cash flows

(i) SZXZ

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Net cash used in operating activities	(693)	(40,367)
Net cash used in investing activities	–	–
Net cash (used in)/generated from financing activities	(15,000)	50,000
Net (decrease)/increase in cash and cash equivalents	(15,693)	9,633

(ii) BJCY

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Net cash from operating activities	912,930	2,079,162
Net cash used in investing activities	(850,000)	(9)
Net cash used in financing activities	–	(2,209,649)
Net increase/(decrease) in cash and cash equivalents	62,930	(130,496)

Notes to the Consolidated Financial Statements (Continued)

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the consolidated balance sheet are as follows:

	As at 31 December	
	2022	2021
	RMB'000	<i>RMB'000</i>
		(Restated)
Associates	51,282	93,611
Joint ventures	306,483	542,125
	357,765	635,736

The amounts recognised in the consolidated income statement are as follows:

	For the year ended 31 December	
	2022	2021
	RMB'000	<i>RMB'000</i>
		(Restated)
Associates	(33,002)	1,547
Joint ventures	(9,136)	215,284
	(42,138)	216,831

(a) Investments in associates

	2022	2021
	RMB'000	<i>RMB'000</i>
		(Restated)
At 1 January	93,611	240,012
Disposal	(17,500)	(8,298)
Share of net (loss)/profit accounted for using the equity method	(33,002)	1,547
Dividends paid	(7,692)	(139,650)
Other (i)	15,865	–
At 31 December	51,282	93,611

- (i) As at 31 December 2022, the Group hold equity interest of 34% in Beijing Chenxuan Real Estate Co., Limited ("BJCX") instead of 50% as at 31 December 2021, and the members of the board of directors appointed by the Group is 1 instead of 3. According to the articles of BJCX, the resolution of the board of directors must be approved by more than half of the directors instead of unanimous approval. The Group has a significant influence on BJCX, no longer jointly controlled. The Group recognised the investment in BJCX as investments in associate from a joint venture.

Notes to the Consolidated Financial Statements (Continued)

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

(a) Investments in associates (Continued)

Individually immaterial associate

As at 31 December 2022, in the opinion of the directors, there is no individual associate which is considered as material to the Group.

The Group has interests in immaterial associates that are accounted for using the equity method.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Aggregate carrying amount of the immaterial associates	51,282	93,611
Aggregate amounts of the Group's share of:		
Post-tax loss	(33,002)	1,547
Other comprehensive income	–	–
Total comprehensive loss/(income)	(33,002)	1,547

(b) Investments in joint ventures

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
At 1 January	542,125	301,841
Additions	–	25,000
Share of net (loss)/profit accounted for using the equity method	(9,136)	215,284
Dividends paid	(210,641)	–
Others (<i>Note 10(a)(i)</i>)	(15,865)	–
At 31 December	306,483	542,125

As at 31 December 2022, in the opinion of the directors, there is no individual joint venture which is considered as material to the Group.

As at 31 December 2022 and 2021, neither the Group nor the joint venturers can exercise absolute control over the key operating and financing activities of the joint ventures through their respective representatives in the board of directors of the respective joint venture. Accordingly, they are accounted for as joint ventures of the Group.

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

Notes to the Consolidated Financial Statements (Continued)

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

(b) Investments in joint ventures (Continued)

Individually immaterial joint ventures

The Group has interests in immaterial joint ventures that are accounted for using the equity method.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Aggregate carrying amount of the immaterial joint ventures (<i>note</i>)	306,483	542,125
Aggregate amounts of the Group's share of:		
Post-tax (loss)/profit	(9,136)	215,284
Other comprehensive income	-	-
Total comprehensive (loss)/income	(9,136)	215,284

Note:

As at 31 December 2022, the immaterial joint ventures with carrying amounts of RMB302,211,000 (2021: RMB274,349,000) represent four joint ventures (2021:three), which were engaged in property development. The properties as developed by these four joint ventures have been substantially sold out and hence these four joint ventures have no significant contribution to the Group's profit for the year ended 31 December 2022 and it is also not expected they will have any significant contribution to the Group's profit going forward.

Notes to the Consolidated Financial Statements (Continued)

11. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets	As at 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Financial assets at amortised cost		
Trade receivables (Note 12)	223,707	54,340
Other receivables (b)(Note 12)	2,723,084	3,748,532
Restricted bank deposits (Note 16)	1,255,045	1,761,332
Cash and cash equivalents (Note 17)	8,388,151	12,960,953
	12,589,987	18,525,157
Financial liabilities		
Liabilities at amortised cost		
Trade and other payables and loans/advances from other parties (c)	13,714,164	16,067,277
Borrowings (Note 23)	24,630,847	29,507,169
Lease liabilities	37,254	46,823
	38,382,265	45,621,269

- (a) The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.
- (b) The above other receivables comprise receivables due from other related parties, receivables due from non-controlling interests and other receivables.
- (c) The above trade and other payables comprise trade payables, dividends payable to non-controlling interests of subsidiaries and related parties, amounts due to non-controlling interests and other related parties, commercial mortgage backed securities and other payables excluding statutory liabilities.

12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December			2021		
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000 (Restated)	Non-current RMB'000 (Restated)	Total RMB'000 (Restated)
Trade and other receivables(a)	2,781,317	165,474	2,946,791	2,441,640	1,361,232	3,802,872
Prepayments(b)	2,423,280	26,243	2,449,523	2,459,247	48,292	2,507,539
	5,204,597	191,717	5,396,314	4,900,887	1,409,524	6,310,411

Notes to the Consolidated Financial Statements (Continued)

12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

(a) Trade and other receivables

	As at 31 December					
	2022		Total RMB'000	2021		Total RMB'000 (Restated)
	Current RMB'000	Non-current RMB'000		Current RMB'000 (Restated)	Non-current RMB'000 (Restated)	
Trade receivables(i)	273,247	–	273,247	101,557	–	101,557
Less: provision for impairment of trade receivables	(49,540)	–	(49,540)	(47,217)	–	(47,217)
Trade receivables – net	223,707	–	223,707	54,340	–	54,340
Receivables due from other related parties (Notes ii and 37(viii))	821,771	220,500	1,042,271	286,271	1,289,565	1,575,836
Receivables due from non-controlling interests (iii)	1,503,447	–	1,503,447	1,785,616	–	1,785,616
Other receivables	311,202	65,044	376,246	335,719	93,647	429,366
	2,636,420	285,544	2,921,964	2,407,606	1,383,212	3,790,818
Less: provision for impairment of other receivables	(78,810)	(120,070)	(198,880)	(20,306)	(21,980)	(42,286)
Other receivables – net	2,557,610	165,474	2,723,084	2,387,300	1,361,232	3,748,532
	2,781,317	165,474	2,946,791	2,441,640	1,361,232	3,802,872

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

Note 3.1 sets out information about the impairment of trade and other receivables and the Group's expose to credit risk.

Notes to the Consolidated Financial Statements (Continued)

12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

(a) Trade and other receivables (Continued)

(i) Trade receivables

The majority of the Group's sales are on cash or advance basis. The remaining amounts are with credit terms of 30 to 90 days. At 31 December 2022 and 2021, the ageing analysis of the trade receivables were as follows:

	As at 31 December 2022 RMB'000	2021 RMB'000 (Restated)
0 – 30 days	172,467	47,770
31 – 90 days	37,333	1,113
Over 90 days	63,447	52,674
	273,247	101,557

(ii) Receivables due from other related parties include receivables due from BNSIGC, receivables due from the associates and joint ventures.

(iii) The receivables due from non-controlling interests refer to the funds receivable by some subsidiaries of the Company for minority shareholders, which do not bear interest and can be recovered at any time as needed. Certain receivables due from non-controlling interests are deemed as receivables from related parties since the non-controlling interests have significant influence over the related subsidiaries which are material to the Group. At 31 December 2022, the related party portion of receivables due from non-controlling interests was RMB495,500,000 (2021: RMB1,608,784,000)(Note 37(viii)).

(b) Prepayments

	As at 31 December					
	Current RMB'000	2022 Non-current RMB'000	Total RMB'000	Current RMB'000 (Restated)	2021 Non-current RMB'000 (Restated)	Total RMB'000 (Restated)
Prepaid tax	2,280,085	-	2,280,085	2,401,164	-	2,401,164
Prepaid costs to obtain customer contracts	-	26,243	26,243	-	48,292	48,292
Other prepayments	143,195	-	143,195	58,083	-	58,083
	2,423,280	26,243	2,449,523	2,459,247	48,292	2,507,539
Less: provision for impairment of prepayments	-	-	-	-	-	-
	2,423,280	26,243	2,449,523	2,459,247	48,292	2,507,539

Notes to the Consolidated Financial Statements (Continued)

13. PROPERTIES UNDER DEVELOPMENT

	2022 RMB'000	2021 RMB'000 (Restated)
As at 1 January	30,057,808	42,427,185
Additions	4,713,325	7,973,178
Transfer to completed properties held-for-sale (Note 14)	(11,351,905)	(19,825,953)
Transfer to investment property and owner-occupied property	–	(6,138)
Impairment	(441,535)	(510,464)
As at 31 December	22,977,693	30,057,808

	As at 31 December 2022 RMB'000	2021 RMB'000 (Restated)
Land use rights	13,838,765	18,862,408
Development costs and capitalised expenditure	6,990,562	9,381,855
Finance expenses capitalised	3,071,986	2,958,190
Less: accumulated impairment	(923,620)	(1,144,645)
	22,977,693	30,057,808

	As at 31 December 2022 RMB'000	2021 RMB'000 (Restated)
Land use rights:		
In PRC, held on leases of:		
Between 40 – 50 years	3,341,826	4,733,676
Over 50 years	10,496,939	14,128,732
	13,838,765	18,862,408

As at 31 December 2022, certain properties under development with net book value of RMB6,309,407,000 (2021: RMB9,393,670,000) are pledged as securities for bank and other borrowings (Note 23).

As at 31 December 2022, the carrying amount of the properties under development that are expected to be completed and available for sale more than twelve months after the balance sheet date amounted to approximately RMB10,305,910,000 (2021: RMB20,158,285,000). The remaining balance is expected to be completed and available for sale within one year.

Notes to the Consolidated Financial Statements (Continued)

14. COMPLETED PROPERTIES HELD FOR SALE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
As at 1 January	15,625,663	13,971,935
Transfer from properties under development (<i>Note 13</i>)	11,351,905	19,825,953
Transfer to investment properties	(363,862)	(687,504)
Transfer to cost of sales	(9,479,894)	(17,164,839)
Impairment	(463,624)	(158,625)
Others (<i>note</i>)	(87,800)	(161,257)
As at 31 December	16,582,388	15,625,663

Note:

Others represent the amounts adjusted arising from the difference between the final settled costs and the estimated costs originally recognised according to the budgeted completion costs of the related assets.

	As at 31 December 2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Land use rights	8,367,479	6,772,724
Development costs and capitalised expenditure	7,433,543	8,077,610
Finance expenses capitalised	1,737,033	1,141,037
Less: accumulated impairment	(955,667)	(365,708)
	16,582,388	15,625,663

	As at 31 December 2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Land use rights:		
In PRC, held on leases of:		
Between 40 – 50 years	1,562,476	437,228
Over 50 years	6,805,003	6,335,496
	8,367,479	6,772,724

As at 31 December 2022, properties held for sale with carrying amounts of RMB1,932,051,000 (2021: RMB3,130,464,000) were pledged as securities for bank borrowings (*Note 23*).

Notes to the Consolidated Financial Statements (Continued)

15. OTHER INVENTORIES

	As at 31 December	
	2022	2021
	RMB'000	<i>RMB'000</i>
		(Restated)
Goods for resale	16,777	19,605
Consumables	26,533	23,124
Less: provision for inventories	(244)	(244)
	43,066	42,485

The cost of inventories recognised as expense and included in cost of sales amounted to RMB183,759,000 (2021: RMB211,224,000).

16. RESTRICTED BANK DEPOSITS

Restricted bank deposits mainly include the guarantee deposits for construction of certain properties pursuant to the relevant government requirements, the guarantee deposits as securities for certain mortgage loans to the Group's customers, and the restricted funds from pre-sale.

17. CASH AND CASH EQUIVALENTS

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

	As at 31 December	
	2022	2021
	RMB'000	<i>RMB'000</i>
		(Restated)
Cash at bank and on hand	4,233,151	10,880,953
Short-term bank deposits(a)	4,155,000	2,080,000
	8,388,151	12,960,953
Maximum exposure to credit risk	8,387,640	12,960,070

- (a) The deposits are repayable with seven days' notice, without loss of interest earned. The effective interest rate on short-term bank deposits ranged from 1.10% to 2.025% (2021: 1.10% to 2.025%) per annum.

Notes to the Consolidated Financial Statements (Continued)

17. CASH AND CASH EQUIVALENTS (CONTINUED)

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

	As at 31 December	
	2022	2021
	RMB'000	<i>RMB'000</i>
		(Restated)
Renminbi	8,379,851	12,953,273
US dollar	5,199	4,793
HK dollar	1,617	1,478
EUR dollar	1,484	1,409
	8,388,151	12,960,953

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

18. SHARE CAPITAL

	As at 31 December	
	2022	2021
	RMB'000	<i>RMB'000</i>
Registered, issued and fully paid (3,367,020,000 shares of RMB1 each)	3,367,020	3,367,020

Notes to the Consolidated Financial Statements (Continued)

19. RESERVES AND RETAINED EARNINGS

	Other reserves				Subtotal RMB'000	Retained earnings RMB'000
	Capital reserve RMB'000	Statutory reserve fund(a) RMB'000	Discretionary reserve fund(b) RMB'000	Other comprehensive income RMB'000		
At 1 January 2022, as restated	3,513,337	999,454	161,468	308,620	4,982,879	12,637,542
Loss for the year	-	-	-	-	-	(1,471,352)
2021 final dividends	-	-	-	-	-	(33,670)
Appropriation of statutory reserves	-	2,034	-	-	2,034	(2,034)
Remeasurement of post-employment benefit obligations	-	-	-	5,838	5,838	-
Redemption of perpetual bond	(8,400)	-	-	-	(8,400)	-
Business combination under common control (note 36)	(66,907)	-	-	-	(66,907)	-
At 31 December 2022	3,438,030	1,001,488	161,468	314,458	4,915,444	11,130,486
At 31 December 2020, as previously reported	3,427,302	979,130	161,468	300,700	4,868,600	12,547,694
Business combination under common control	49,909	-	-	-	49,909	3,809
At 1 January 2021, as restated	3,477,211	979,130	161,468	300,700	4,918,509	12,551,503
Profit for the year	-	-	-	-	-	207,374
2020 final dividends	-	-	-	-	-	(101,011)
Appropriation of statutory reserves	-	20,324	-	-	20,324	(20,324)
Dilution of a subsidiary without a change in control	49,734	-	-	-	49,734	-
Remeasurement of post-employment benefit obligations	-	-	-	7,920	7,920	-
Redemption of perpetual bond	(13,608)	-	-	-	(13,608)	-
At 31 December 2021, as restated	3,513,337	999,454	161,468	308,620	4,982,879	12,637,542

- (a) According to the respective Articles of Association, the Company and its subsidiaries established in the PRC are required to transfer 10% of their profit after taxation, as shown in the financial statements prepared under China Accounting Standards for Business Enterprises, which was issued by the Ministry of Finance of PRC in February 2006, to their statutory reserve fund. The statutory reserve fund can be used to offset accumulated losses or convert as share capital of the Company and the respective subsidiaries.
- (b) The proposed transfer to the discretionary reserve fund is subject to approval by the shareholders in general meeting. Its usage is similar to that of the statutory reserve fund. No transfer to the discretionary reserve fund has been proposed for the years ended 31 December 2022 and 2021.

Notes to the Consolidated Financial Statements (Continued)

20. PERPETUAL BOND

On 28 June 2019, the Company issued perpetual bond, which were redeemable only at the Company's discretion, with initial aggregate principal amount of RMB1,000,000,000 and net proceeds of RMB991,600,000. The Company may elect to defer interest payments and are not subject to any limit as to the number of times of deferral of interest payments.

As the perpetual bonds only impose contractual obligations on the Group to repay principals or to pay any distribution under certain circumstances, which were at Group's discretion, they had in substance offered the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations. Therefore, the net proceeds of the perpetual bonds were presented in the equity of the Group. On 27 June 2022, the Group has fully redeemed the perpetual bond at its own discretion.

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

	2022		As at 31 December			
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000 (Restated)	Non-current RMB'000 (Restated)	Total RMB'000 (Restated)
Trade and other payables (a)	9,535,581	–	9,535,581	11,095,778	–	11,095,778
Loans/advances from other parties (b)	2,248,718	2,369,408	4,618,126	3,240,608	2,148,385	5,388,993
	11,784,299	2,369,408	14,153,707	14,336,386	2,148,385	16,484,771

Notes to the Consolidated Financial Statements (Continued)

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

(a) Trade and other payables

	As at 31 December					
	Current RMB'000	2022 Non-current RMB'000	Total RMB'000	Current RMB'000 (Restated)	2021 Non-current RMB'000 (Restated)	Total RMB'000 (Restated)
Trade payables	6,676,748	-	6,676,748	7,695,537	-	7,695,537
Prepaid rental income from tenants	200,217	-	200,217	236,089	-	236,089
Dividends payable to non-controlling interests of subsidiaries	276,162	-	276,162	1,162	-	1,162
Dividends payable to related parties (Note 37(viii))	-	-	-	397,000	-	397,000
Amounts due to non-controlling interests of subsidiaries	49,922	-	49,922	-	-	-
Amounts due to related parties (Note 37(viii))	31,991	-	31,991	104,289	-	104,289
Employee termination benefit obligations current portion	7,887	-	7,887	9,203	-	9,203
Other tax payable	1,008,350	-	1,008,350	1,097,752	-	1,097,752
Other payables	1,284,304	-	1,284,304	1,554,746	-	1,554,746
	9,535,581	-	9,535,581	11,095,778	-	11,095,778

Certain amount due to non-controlling interests are deemed as amount due to related parties since the non-controlling interests have significant influence over the related subsidiaries which are material to the Group. At 31 December 2022, the related party portion of amount due to non-controlling interests was RMB6,150,000 (2021: Nil)(Note 37(viii)).

At 31 December 2022 and 2021, the ageing analysis of the trade payables based on date of services/goods received. The ageing analysis of the Group's trade payables is as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
0 – 180 days	2,254,470	3,170,402
181 – 365 days	1,251,837	1,923,441
Over 365 days	3,170,441	2,601,694
	6,676,748	7,695,537

Notes to the Consolidated Financial Statements (Continued)

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

(b) Loans/advances from other parties

	2022		As at 31 December			
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000 (Restated)	Non-current RMB'000 (Restated)	Total RMB'000 (Restated)
Loans from non-controlling interests (i)	1,431,098	547,471	1,978,569	1,904,940	105,448	2,010,388
Loans from BNSIGC (Note 37(viii))	500,000	1,100,000	1,600,000	800,000	1,300,000	2,100,000
Commercial mortgage backed securities ("CMBS") issued by a subsidiary of the Company (ii)	21,000	721,937	742,937	18,000	742,937	760,937
Advances from non-controlling interests	48,070	-	48,070	49,658	-	49,658
Advances from related parties (Note 37(viii))	248,550	-	248,550	468,010	-	468,010
	2,248,718	2,369,408	4,618,126	3,240,608	2,148,385	5,388,993

(i) Loans from non-controlling shareholders of subsidiaries ("non-controlling interests") are all unsecured loans. Except for loan amounts of RMB104,810,000 (2021: RMB104,810,000) which have no fixed terms of repayment, RMB612,798,000 is repayable by installment within one year, the remaining loans from non-controlling interests are all repayable by installments within two years from the dates of grant of the respective loan amounts.

Loans from non-controlling interests of RMB1,469,596,000, RMB317,599,000 and RMB104,810,000 (2021: RMB1,605,560,000, RMB300,018,000 and RMB104,810,000) bear interests at fixed rates of 6.5%, 7% and 10.5% (2021: 6.5%, 7% and 10.5%) per annum respectively. The remaining loans from non-controlling interests are interest free.

Certain Loans from non-controlling interests are deemed as Loans from related parties since the non-controlling interests have significant influence over the related subsidiaries which are material to the Group. At 31 December 2022, the related party portion of Loans from non-controlling interests was RMB104,810,000 (2021: Nil)(Note 37(viii)).

(ii) On 20 December 2018, a subsidiary of the Group, NSREG issued CMBS of RMB1,050,000,000, which has a term of 18 years and are divided into senior tranche A, senior tranche B and junior tranche with principal of RMB527,000,000, RMB473,000,000 and RMB50,000,000 respectively. NSREG has purchased all the junior tranches of the CMBS. CMBS entered the open exit filing period every three years and the senior tranches A and B of the CMBS were guaranteed by the Group. On 30 November 2021, the coupon rate on senior tranche A was adjusted to 4.2% per annum and the coupon rate on senior tranche B was adjusted to 4.7% per annum.

Notes to the Consolidated Financial Statements (Continued)

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

- (c) The carrying amounts of the Group's trade and other payables and loans/advances from other parties are denominated in Renminbi.
- (d) The carrying amounts of current portion of trade and other payables and loans/advances from other parties approximate their fair values. The fair values of the non-current portion of loans/advances from other parties are not materially different from their carrying amounts as they bear interests at rates which are comparable to market interest rates for similar instruments.

22. CURRENT INCOME TAX LIABILITIES

	As at 31 December	
	2022	2021
	RMB'000	<i>RMB'000</i>
		(Restated)
Income tax payable	404,923	355,545
Land appreciation tax payable	1,368,834	1,791,828
	1,773,757	2,147,373

Notes to the Consolidated Financial Statements (Continued)

23. BORROWINGS

	As at 31 December	
	2022	2021
	RMB'000	<i>RMB'000</i>
		(Restated)
Non-current		
Long term borrowings		
– Secured and guaranteed borrowings (a)	17,238,027	21,716,974
– Unsecured borrowings	21,706	22,847
– 7 year bonds of 2015 (b)	–	1,497,634
– 5 year medium term note of 2017 (b)	–	1,118,418
– 5 year bonds of 2019 (b)	372,070	1,195,319
– 5 year bonds of 2020 (b)	597,918	596,962
– 2 year medium term note of 2020 (b)	–	259,510
– 5 year bonds of 2021 (I) (b)	318,302	318,121
– 5 year medium term note of 2021 (b)	1,447,071	1,446,395
– 5 year bonds of 2021 (II) (b)	1,335,738	1,334,989
– 5 year medium term note of 2022 (I) (b)	1,049,980	–
– 5 year bonds of 2022 (b)	822,836	–
– 5 year medium term note of 2022 (II) (b)	1,427,199	–
	24,630,847	29,507,169
Less: current portion of long term borrowings	(7,162,682)	(9,632,587)
	17,468,165	19,874,582
Current		
– Current portion of long term borrowings	7,162,682	9,632,587
	7,162,682	9,632,587
Total borrowings	24,630,847	29,507,169

Notes to the Consolidated Financial Statements (Continued)

23. BORROWINGS (CONTINUED)

(a) Secured and guaranteed borrowings

Secured borrowings

As at 31 December 2022, long term borrowings of RMB14,905,065,000(2021:RMB15,752,053,000) were secured by certain right-of-use assets (Note 6), investment properties (Note 7), hotel properties (Note 8), properties under development (Note 13) and completed properties held for sale (Note 14). Out of these secured borrowings, borrowings of RMB992,000,000 (2021: RMB994,000,000) are guaranteed by BNSIGC (Note 37(X)).

Guaranteed borrowings

As at 31 December 2022, long term borrowings of RMB1,292,000,000 (2021: RMB5,590,000,000) obtained by certain subsidiaries are unsecured and guaranteed by the Company and borrowings of RMB1,040,962,000 (2021: RMB374,921,000) obtained by the Company are unsecured and guaranteed by subsidiaries of the Group.

- (b)** On 20 January 2015, the Company issued corporate bonds amounting to RMB2,500,000,000. Among which, corporate bonds of RMB1,500,000,000 had a term of 7 years ("7 year bonds"), carried an interest rate of 5.2% per annum and also embedded a put option to the investors at the end of the fifth year. On 20 January 2020, certain investors put to sell back 7 year bonds of RMB2,225,000 to Company and the remaining 7 year bonds carried an interest rate of 5.2% per annum. The interests on the 7 year bonds were payable annually and the principals were fully repaid on 20 January 2022.

On 20 September 2017, the Company issued medium term note with an aggregate principal amount of RMB1,320,000,000. This term note had a term of 5 years, carried a coupon rate of 5.14% per annum, and also embedded a put option to the investors at the end the third year. On 20 September 2020, certain investors put to sell back medium term note of RMB200,000,000 to Company and the remaining medium term note carried an interest rate of 3.80% per annum. The interests on this medium term note were paid annually and the principals were fully repaid on 20 September 2022.

On 16 April 2019, the Company issued corporate bonds with an aggregate principal amount of RMB1,200,000,000. These bonds have a term of 5 years, carry a coupon rate of 4.80% per annum and also embedded a put option to the investors at the end of the third year. The net proceeds of these bonds were RMB1,190,400,000 (net of issuance costs of RMB9,600,000). On 16 April 2022, certain investors put to sell back 5 year bonds of RMB826,000,000 to Company and the remaining 5 year bonds carry an interest rate of 3.55% per annum. The interests on these bonds are paid annually and the principals are fully repayable on 16 April 2024.

Notes to the Consolidated Financial Statements (Continued)

23. BORROWINGS (CONTINUED)

- (b) On 15 January 2020, the Company issued corporate bonds with an aggregate principal amount of RMB600,000,000. These bonds have a term of 5 years, carry a coupon rate of 4.17% per annum and also embedded a put option to the investors at the end of the third year. The net proceeds of these bonds were RMB595,200,000 (net of issuance costs of RMB4,800,000). The interests on these bonds are paid annually and the principals are fully repayable on 15 January 2025.

On 28 October 2020, the Company issued a medium term note with an aggregate principal amount of RMB260,000,000. This medium term note had a term of 2 years, carried a coupon rate of 3.78% per annum. The net proceeds of this medium term note were RMB258,830,000 (net of issuance costs of RMB1,170,000). The interests on this medium term note were paid annually and the principals were fully repaid on 28 October 2022.

On 26 July 2021, the Company issued a corporate bond with an aggregate principal amount of RMB319,000,000. It has a term of 5 years, carries a coupon rate of 3.46% per annum and also embedded a put option to the investors at the end of the third year. The net proceeds of this bond were RMB318,043,000 (net of issuance costs of RMB957,000). The interests on this bond are paid annually and the principals are fully repayable on 26 July 2026.

On 21 December 2021, the Company issued a medium term note with an aggregate principal amount of RMB1,450,000,000. It has a term of 5 years, carries a coupon rate of 3.50% per annum and also embedded a put option to the investors at the end of the third year. The net proceeds of this bond were RMB1,446,375,000 (net of issuance costs of RMB3,625,000). The interests on this medium term note were paid annually and the principals are fully repayable on 21 December 2026.

On 29 December 2021, the Company issued corporate bonds with an aggregate principal amount of RMB1,339,000,000. These bonds have a term of 5 years, carry a coupon rate of 3.46% per annum and also embedded a put option to the investors at the end of the third year. The net proceeds of these bonds were RMB1,334,983,000 (net of issuance costs of RMB4,017,000). The interests on these bonds are paid annually and the principals are fully repayable on 29 December 2026.

On 25 April 2022, the Company issued a medium term note with an aggregate principal amount of RMB1,052,000,000. It has a term of 5 years, carries a coupon rate of 3.60% per annum and also embedded a put option to the investors at the end of the third year. The net proceeds of this medium term note were RMB1,049,686,000 (net of issuance costs of RMB2,314,000). The interests on this bonds are paid annually and the principals are fully repayable on 25 April 2027.

Notes to the Consolidated Financial Statements (Continued)

23. BORROWINGS (CONTINUED)

- (b) On 28 April 2022, the Company issued corporate bonds with an aggregate principal amount of RMB825,000,000. These bonds have a term of 5 years, carry a coupon rate of 3.50% per annum and also embedded a put option to the investors at the end of the third year. The net proceeds of these bonds were RMB822,525,000 (net of issuance costs of RMB2,475,000). The interests on these bonds are paid annually and the principals are fully repayable on 28 April 2027.

On 22 August 2022, the Company issued a medium term note with an aggregate principal amount of RMB1,430,000,000. It has a term of 5 years, carries a coupon rate of 3.48% per annum and also embedded a put option to the investors at the end of the third year. The net proceeds of this medium term note were RMB1,426,997,000 (net of issuance costs of RMB3,003,000). The interests on this medium term note are paid annually and the principals are fully repayable on 22 August 2027.

- (c) The Group's borrowings mature until 2036, bonds and medium term notes mature until 2027. As at 31 December 2022 and 2021, the Group's borrowings were repayable as follows:

	Bank borrowings		Other borrowings		Corporate bonds and medium term notes	
	As at 31 December		As at 31 December		As at 31 December	
	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)		(Restated)		(Restated)
Within 1 year	904,764	807,706	5,660,000	4,754,000	597,918	4,070,881
Between 1 and 2 years	864,422	1,153,691	2,000	2,372,000	3,473,181	—
Between 2 and 5 years	1,477,418	1,477,455	6,000	3,494,000	3,300,015	596,962
Over 5 years	7,363,129	6,696,969	982,000	984,000	—	3,099,505
	10,609,733	10,135,821	6,650,000	11,604,000	7,371,114	7,767,348

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

	As at 31 December	
	2022	2021
Bank and other long term borrowings	5.63%	5.85%
7 year bonds of 2015	—	5.38%
5 year medium term note of 2017	—	5.31%
5 year bonds of 2019	4.14%	4.98%
5 year bonds of 2020	4.35%	4.35%
2 year medium term note of 2020	—	4.02%
5 year bonds of 2021 (I)	3.53%	3.53%
5 year medium term note of 2021	3.56%	3.56%
5 year bonds of 2021 (II)	3.53%	3.53%
5 year medium term note of 2022 (I)	3.65%	—
5 year bonds of 2022	3.57%	—
5 year medium term note of 2022 (II)	3.53%	—

Notes to the Consolidated Financial Statements (Continued)

23. BORROWINGS (CONTINUED)

- (e) The Group's undrawn borrowing facilities are analysed as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
		(Restated)
Undrawn borrowing facilities expiring:		
– within one year	453,454	955,187
– between one and five years	2,386,152	7,919,106
– over five years	–	325,815
	2,839,606	9,200,108

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
		(Restated)
6 months or less	12,149,668	13,273,872
Between 6 and 12 months	3,484,074	5,360,243
Between 1 and 5 years	8,015,105	9,879,054
Over 5 years	982,000	994,000
	24,630,847	29,507,169

- (g) The fair values of the long term borrowings are not materially different from their carrying amounts.
- (h) All borrowings are denominated in Renminbi.

Notes to the Consolidated Financial Statements (Continued)

24. DEFERRED INCOME TAX

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
		(Restated)
Deferred income tax assets:		
– to be recovered within 12 months	115,760	142,123
– to be recovered after more than 12 months	1,236,493	1,113,457
	1,352,253	1,255,580
Deferred income tax liabilities:		
– to be settled within 12 months	(29,200)	(6,326)
– to be settled after more than 12 months	(2,221,835)	(2,168,682)
	(2,251,035)	(2,175,008)
Offsetting	(42,906)	(9,433)
Deferred income tax assets after offsetting	1,309,347	1,246,148
Deferred income tax liabilities after offsetting	(2,208,129)	(2,165,575)
Deferred income tax liabilities-net	(898,782)	(919,427)

The movements on the deferred income tax liabilities – net are as follows:

	2022	2021
	RMB'000	RMB'000
		(Restated)
At 1 January	(919,427)	(857,611)
Credited/(charged) to profit or loss (Note 29)	20,645	(61,816)
At 31 December	(898,782)	(919,427)

Notes to the Consolidated Financial Statements (Continued)

24. DEFERRED INCOME TAX (CONTINUED)

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

Deferred income tax assets:

	Provisions <i>RMB'000</i>	Deductible loss <i>RMB'000</i>	Accrued expense and others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2021, as restated	93,204	43,315	1,134,746	1,271,265
Credited/(charged) to profit or loss	33,492	(11,651)	(37,526)	(15,685)
At 31 December 2021, as restated	126,696	31,664	1,097,220	1,255,580
Credited/(charged) to profit or loss	65,415	43,088	(11,830)	96,673
At 31 December 2022	192,111	74,752	1,085,390	1,352,253

Deferred income tax liabilities:

	Investment properties revaluation <i>RMB'000</i>	Tax depreciation allowances <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2021	(1,371,823)	(749,693)	(7,360)	(2,128,876)
Credited/(charged) to profit or loss	33,556	(77,615)	(2,072)	(46,131)
At 31 December 2021	(1,338,267)	(827,308)	(9,432)	(2,175,007)
Credited/(charged) to profit or loss	61,062	(103,616)	(33,474)	(76,028)
At 31 December 2022	(1,277,205)	(930,924)	(42,906)	(2,251,035)

Notes to the Consolidated Financial Statements (Continued)

24. DEFERRED INCOME TAX (CONTINUED)

Deferred income tax liabilities: (Continued)

- (a) Deferred income tax assets are recognised for tax losses carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB949,455,000 (2021: RMB572,127,000) in respect of losses amounting to RMB3,797,818,000 (2021: RMB2,288,508,000) that can be carried forward against future taxable income, these tax losses will expire in the period from 2023 to 2027 as follows:

Expiring in year ending 31 December					
2023	2024	2025	2026	2027	Total
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
108,486	348,279	445,632	1,317,455	1,577,966	3,797,818

25. EXPENSES BY NATURE

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

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Depreciation of property, plant and equipment and right-of-use assets	211,863	167,546
Provision of impairment for properties under development and completed properties held for sale (Notes 13 and 14)	905,159	669,089
Provision of impairment for a hotel property (Note 8)	—	78,961
Employee benefit expense (Note 27)	1,117,626	1,109,042
Advertising costs	59,685	77,341
Cost of properties sold	8,977,560	16,465,368
Cost of goods sold and consumables used	183,759	211,224
Taxes and levies (other than income tax expenses)	334,534	343,195
Office and consumable expenses	69,884	137,697
Management fee	129,828	123,776
Energy and utilities expenses	99,457	87,825
Consulting and service expenses	353,397	405,245
Repair and maintenance expenses	57,080	83,624
Short-term leases	11,617	9,964
Auditor's remuneration	7,240	7,240
Exhibition construction fee (i)	67,421	94,687
Others	67,867	75,777
	12,653,977	20,147,601

- (i) The exhibition construction fee were mainly related to cost as incurred for the construction and setting of exhibition stages and booths for the large scale exhibition event.

Notes to the Consolidated Financial Statements (Continued)

26. OTHER INCOME AND LOSSES – NET

	Year ended 31 December	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Loss on disposal of property, plant and equipment and investment properties	(138)	(3,577)
Fair value losses on investment properties	(244,246)	(134,226)
Donation	(312)	(1,450)
Government grants	12,581	27,472
Penalty and compensation income	18,302	23,578
Penalty and compensation expense	(5,120)	(16,864)
Investment income	74,987	9,437
Others	8,447	5,462
	(135,499)	(90,168)

27. EMPLOYEE BENEFIT EXPENSE

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

	Year ended 31 December	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Wages, salaries and bonus	860,547	860,004
Social security costs	294,946	274,241
Retirement benefit costs – defined contribution plans (a)	111,161	111,854
	1,266,654	1,246,099
Less: capitalised in properties under development	(149,028)	(137,057)
	1,117,626	1,109,042

Notes to the Consolidated Financial Statements (Continued)

27. EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(a) Retirement benefit costs – defined contribution plans

The employees of the subsidiaries of the Group participate in various retirement benefit plans established by different Municipal Labor and Social Insurance Bureaus in the PRC. Under which the Group was required to make monthly defined contributions to these plans at 16% of the employees' basic salary.

In addition, the Group provides an additional defined contribution plan to its employees. Each year, participants make contributions to the plan equalling 4% of their compensation and the Group will contribute the same amount to the plan for the participants.

There were no forfeited contributions available at 31 December 2022 and for the year then ended (2021: Nil) to reduce future contributions.

During the year ended 31 December 2022, no forfeited contributions were utilised by the Group to reduce its contributions for the current year (2021: Nil).

Contribution totaling RMB42,268,000 (2021: RMB9,681,000) were payable to the funds at the year end.

(b) Five highest paid individuals

During the year ended 31 December 2022, the five individuals whose emoluments were the highest in the Group for the year included no (2021: three) directors (whose emoluments are reflected in the analysis shown in Note 39). The emoluments payable to the remaining five (2021: two) highest paid individuals during the year are as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Basic salaries, bonus and other allowances	6,682	2,160
Employer's contribution to retirement benefit scheme	403	171
	7,085	2,331

Notes to the Consolidated Financial Statements (Continued)

27. EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(b) Five highest paid individuals (Continued)

The emolument fell within the following bands:

	Number of individuals	
	Year ended 31 December 2022	2021
Emolument bands		
RMB Nil – RMB818,000 (equivalent to HK\$ Nil – HK\$1,000,000)	–	–
Over RMB818,000 – RMB1,226,000 (equivalent to HK\$1,000,000 – HK\$1,500,000)	4	2
Over RMB1,226,000 – RMB2,861,000 (equivalent to HK\$1,500,000 – HK\$3,500,000)	1	–

- (c) During the year, no emolument was paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. No directors waived or agreed to waive any emoluments during the years ended 31 December 2022 and 2021.

Notes to the Consolidated Financial Statements (Continued)

28. FINANCE INCOME AND EXPENSES

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Interest expenses:		
– bank and other borrowings	(1,368,556)	(1,614,811)
– bonds and medium term notes	(289,595)	(258,256)
	(1,658,151)	(1,873,067)
Less: amounts capitalised in properties under development and hotel properties at a capitalisation rate of 4.94% (2021: 5.72%) per annum	754,301	1,184,114
	(903,850)	(688,953)
Bank charges and others	(8,438)	(9,666)
Finance expenses	(912,288)	(698,619)
Finance income – interest income	127,661	138,095
Finance expenses – net	(784,627)	(560,524)

Notes to the Consolidated Financial Statements (Continued)

29. INCOME TAX EXPENSES

The PRC income tax is computed according to the relevant laws and regulations in the PRC. The applicable income tax rate is 25% (2021: 25%).

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

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Current income tax		
– PRC enterprise income tax	277,736	448,980
– PRC land appreciation tax	464,973	839,734
Deferred income tax (Note 24)	(20,645)	61,816
	722,064	1,350,530

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the local statutory tax rate in the PRC as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
(Loss)/profit before income tax expense	(803,113)	1,590,588
Less: share of net loss/(profit) of investments accounted for using the equity method	59,033	(216,831)
	(744,080)	1,373,757
Tax calculated at the statutory tax rate of 25% (2021: 25%)	(186,020)	343,439
Expenses not deductible for tax purposes	5,369	11,766
Tax losses not recognised	292,039	177,401
Temporary differences not recognised	241,829	173,115
Effect of the land appreciation tax in the PRC	348,730	629,801
Utilisation of previously unrecognised tax losses	(6,429)	(19,183)
Others (Note a)	26,546	34,191
Income tax expenses	722,064	1,350,530

- (a) Following the strict control in the real estate industry in 2022 and 2021, the Group reviewed previously recognised tax losses and temporary differences and determined that it was now probable that insufficient taxable profits will be available to utilise certain recognised tax losses prior to their expiring date. As a consequence, deferred income tax assets of RMB26,546,000 (2021: RMB34,191,000) were derecognised in 2022.

Notes to the Consolidated Financial Statements (Continued)

30. (LOSSES)/EARNINGS PER SHARE

Basic (losses)/earnings per share is calculated by dividing the (loss)/profit attributable to ordinary shareholders of the Company by the number of shares in issue during the year.

Diluted (losses)/earnings per share is equal to the basic (losses)/earnings per share since the Company has no potential dilutive ordinary shares during the years ended 31 December 2022 and 2021.

	Year ended 31 December 2022	2021 (Restated)
(Loss)/profit attributable to ordinary shareholders of the Company (<i>RMB'000</i>)	(1,471,352)	207,374
Number of ordinary shares in issue (<i>thousands</i>)	3,367,020	3,367,020
(Losses)/earnings per share (basic and diluted) (<i>RMB cents per share</i>)	(43.70)	6.16

31. DIVIDENDS

The dividends paid in 2022 are RMB33,670,000 (2021: RMB101,011,000). Proposed dividends of 2022 and 2021 were as follows:

	Year ended 31 December 2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
2022 proposed final dividend of RMB nil (2021: RMB0.01) per share	-	33,670
	-	33,670

The Board resolved that no dividend will be declared in respect of 2022.

Notes to the Consolidated Financial Statements (Continued)

32. CASH GENERATED FROM OPERATIONS

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
(Loss) Profit before income tax	(803,113)	1,590,588
Adjustments for:		
– Net provision for impairment losses on financial assets	158,917	33,281
– Impairment for properties under development and completed properties held-for-sale (<i>Notes 13 and 14</i>)	905,159	669,089
– Impairment for a hotel property (<i>Note 8</i>)	–	78,961
– Depreciation of property, plant and equipment and right-of-use assets	211,863	167,546
– Fair value losses on investment properties	244,246	134,226
– Loss on disposal of property, plant and equipment and investment properties	138	3,577
– Investment income classified as investing cash flows	(74,987)	(9,437)
– Interest income	(127,661)	(138,095)
– Interest expense	903,850	688,953
– Share of net loss/(profit) of investments accounted for using the equity method	59,033	(239,308)
Operating profit before working capital changes	1,477,445	2,979,381
Changes in working capital:		
– Decrease in restricted bank deposits	506,287	453,603
– Increase in other inventories	(581)	(1,879)
– Decrease in properties under development and completed properties held for sale, net	5,608,670	10,542,364
– (Increase)/Decrease in trade and other receivables	(216,744)	455,471
– Decrease in trade and other payables	(1,037,896)	(272,543)
– Decrease in contract liabilities	(1,514,523)	(5,794,047)
Cash generated from operations	4,822,658	8,362,350

Notes to the Consolidated Financial Statements (Continued)

32. CASH GENERATED FROM OPERATIONS (CONTINUED)

(a) Reconciliation of liabilities from financing activities

This section sets out an analysis of liabilities from financing activities and the movements for each of the years presented.

	Liabilities from financing activities						Total RMB'000
	Borrowings RMB'000	Loans/advances due to non- controlling interests and loans from third parties RMB'000	CMBS RMB'000	Amounts due to other related parties RMB'000	Amount due to BNSIGC RMB'000	Lease liabilities RMB'000	
At 1 January 2022, as restated	(29,507,169)	(2,010,388)	(760,937)	(468,010)	(2,100,000)	(46,823)	(34,893,327)
Cash flows	4,884,657	31,819	18,000	8,819	500,000	35,781	5,479,076
New leases	-	-	-	-	-	(28,517)	(28,517)
Other changes							
Interest expense	-	-	-	-	-	2,305	2,305
Amortization of the bonds	(8,335)	-	-	-	-	-	(8,335)
Non-cash financing activities (Note 32(b))	-	-	-	210,641	-	-	210,641
At 31 December 2022	(24,630,847)	(1,978,569)	(742,937)	(248,550)	(1,600,000)	(37,254)	(29,238,157)
At 1 January 2021, as restated	(27,998,552)	(5,135,297)	(969,000)	(764,660)	(1,000,000)	(51,011)	(35,918,520)
Cash flows	(1,499,734)	3,124,909	208,063	157,000	(1,100,000)	35,523	925,761
New leases	-	-	-	-	-	(34,004)	(34,004)
Other changes							
Interest expense	-	-	-	-	-	2,669	2,669
Amortization of the bonds	(8,883)	-	-	-	-	-	(8,883)
Non-cash financing activities (Note 32(b))	-	-	-	139,650	-	-	139,650
At 31 December 2021, as restated	(29,507,169)	(2,010,388)	(760,937)	(468,010)	(2,100,000)	(46,823)	(34,893,327)

Notes to the Consolidated Financial Statements (Continued)

32. CASH GENERATED FROM OPERATIONS (CONTINUED)

(b) Major non-cash investing or financing activities

- (i) During the year ended 31 December 2022, the Group's dividends receivables from joint ventures of RMB210,641,000 (2021: RMB139,650,000) have been offset against the amounts due to joint ventures.
- (ii) During the year ended 31 December 2022, the Group's dividends payable to the non-controlling interests of RMB640,900,000 (2021: RMB80,000,000) have been offset against the amounts due from respective the non-controlling interests.
- (iii) The recognition of right-of-use assets and lease liabilities for the leased land, properties and equipment as detailed in Notes 2.27 and 6 are considered as non-cash investing and financing activities.

33. 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 RMB10,979,240,000 as at 31 December 2022 (2021: RMB13,901,298,000).

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

The Group has not recognised any liabilities in connection with the aforesaid financial guarantee contracts as the directors of the Company are of the view that it is remote for the Group to suffer from any significant losses from these financial guarantee contracts.

Notes to the Consolidated Financial Statements (Continued)

34. COMMITMENTS

- (a) Commitments in respect of development costs attributable to properties under development and investment properties:

	As at 31 December	2021
	2022	2021
	RMB'000	RMB'000
Properties under development		
– Contracted but not provided for	4,885,684	6,950,657
– Authorised but not contracted for	2,381,107	4,778,575
	7,266,791	11,729,232

	As at 31 December	2021
	2022	2021
	RMB'000	RMB'000
Investment properties and hotel properties		
– Contracted but not provided for	65,849	134,575
– Authorised but not contracted for	21,250	23,327
	87,099	157,902

- (b) At 31 December 2022 and 2021, the Group had future aggregate minimum lease rental receivables under non-cancellable operating leases as lessor as follows:

	As at 31 December	2021
	2022	2021
	RMB'000	RMB'000
Rental receivables in respect of investment properties		
Not later than one year	895,319	889,844
Later than one year and not later than five years	1,051,982	936,951
Later than five years	715,845	798,064
	2,663,146	2,624,859

Notes to the Consolidated Financial Statements (Continued)

35. TERMINATION BENEFITS

	2022			2021		
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000	Non-current RMB'000	Total RMB'000
Termination benefits	7,887	96,332	104,219	9,203	107,507	116,710

The Group did have operations of retail business in supermarkets and shopping centres which were all have been eventually ceased on 8 January 2018 (the “discontinued operations”). To terminate the Group’s employment relationships with the employees for the discontinued operations prior to their statutory retirement ages, the Group has already paid certain once-off compensations to these ex-employees for their voluntary redundancy in prior years. The Group has also committed to continuing paying certain defined benefit medical or living expenses allowances to these ex-employees on a monthly basis (prior to their death) and the present value of the Group’s unfunded obligations in respect of these committed defined benefits have been recognized as the Group’s liability for the termination benefits as of the balance sheet date.

The net liability disclosed above relates to provision for termination as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Present value of unfunded obligations	104,219	116,710

The significant actuarial assumptions were as follows:

	2022	2021
Discount rate	2.25%-3.25%	2.50%-3.25%
Salary growth rate	10.00%	10.00%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption 2022	Impact on defined benefit obligation	
		Increase in assumption 2022 RMB'000	Decrease in assumption 2022 RMB'000
Discount rate	One percentage point	Decrease by 19,094	Increase by 14,327
Salary growth rate	One percentage point	Increase by 410	Decrease by 402

Notes to the Consolidated Financial Statements (Continued)

35. TERMINATION BENEFITS (CONTINUED)

	Change in assumption 2021	Impact on defined benefit obligation	
		Increase in assumption 2021 RMB'000	Decrease in assumption 2021 RMB'000
Discount rate	One percentage point	Decrease by 21,264	Increase by 15,896
Salary growth rate	One percentage point	Increase by 636	Decrease by 619

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as the method adopted for calculating the defined benefit liability recognised in the consolidated balance sheet.

36. BUSINESS COMBINATION UNDER COMMON CONTROL

On 30 June 2022, Capital Convention (Group) Co., Ltd. (the "CCCL"), a non wholly-owned subsidiary of the Group, acquired 100% of the equity interest of BIEC from BNSIGC, at a purchase consideration of RMB111,511,000 with RMB44,604,000 shared by the non – controlling interests. The Group has paid the consideration to BNSIGC on 22 June 2022.

The acquisition is considered as a business combination involving entities under common control and has been accounted for by using merger accounting method. Accordingly, the Group's consolidated balance sheet as at 31 December 2021 and its consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement have been restated to include the historical financial information of BIEC since the date when BIEC first under the control of BNSIGC. The payment is accounted for as a deemed distribution to BNSIGC.

The adoption of merger accounting for the year ended 31 December 2021 has resulted in a increase in the Group's total comprehensive income and profit attributable to ordinary shareholders of the Company for the year ended 31 December 2021 by approximately RMB8,723,000 and RMB8,723,000 respectively.

Notes to the Consolidated Financial Statements (Continued)

36. BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

The following is a reconciliation of the effect arising from the acquisition of BIEC which is accounted for under common control combination on the consolidated financial statements.

	Balances as previously reported <i>RMB'000</i>	As at 31 December 2021		Balances as restated <i>RMB'000</i>
		Merger of BIEC <i>RMB'000</i>	Elimination of inter-company balances <i>RMB'000</i>	
Consolidated balance sheet				
Total assets	88,367,267	118,496	(6,411)	88,479,352
Total liabilities	62,561,175	56,261	(6,617)	62,610,819
Total equity	25,806,092	62,235	206	25,868,533

	Year ended 31 December 2021			
	Previously reported <i>RMB'000</i>	Merger of BIEC <i>RMB'000</i>	Elimination of inter-company balances <i>RMB'000</i>	As restated <i>RMB'000</i>
Consolidated income statement				
Total revenue	22,094,296	90,481	(1,923)	22,182,854
Profit for the year	231,335	8,795	(72)	240,058

Notes to the Consolidated Financial Statements (Continued)

37. RELATED PARTY TRANSACTIONS

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

BNSIGC itself is a state-owned enterprise controlled by the PRC government. For the years ended 31 December 2022 and 2021, the Group's significant transactions with entities that are controlled, jointly controlled or significantly influenced by the PRC government (collectively the "government controlled entities") mainly include the drawdown of bank borrowings and purchases of certain goods and services from these government controlled entities. The transactions with the government controlled entities are carried out on pricing and settlement terms agreed with counter parties in the ordinary course of business.

For the purpose of related party transaction disclosures, the Group has in place procedures to assist the identification of the immediate ownership structure of its customers and suppliers as to whether they are government controlled entities (including state-owned enterprises). Many government controlled entities have multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatization programmes. Due to the pervasiveness of the Group's real estate development, convention and exhibition (including hotels) and commercial properties transactions with the government controlled entities, their employees, key management personnel and close family members, and other related parties, there is no feasible way to track such transactions and ensure the completeness of certain disclosures. Nevertheless, management believes that all material related party transactions and balances, of which they are aware of, have been adequately disclosed.

For the years ended 31 December 2022 and 2021, some non-controlling shareholders of certain subsidiaries of the Group has significant influence over the related subsidiaries which were material to the Group, and hence were deemed as related parties of the Group for the purpose of this related party transaction disclosure note. These non-controlling shareholders include Wuhan Optics Valley Creative Industry Base Construction Investment Co., Ltd. ("WHJD"), Wuhan Jielong Investment Co., Ltd. ("WHJL"), Shenzhen Jiangwan Information Consulting Co., Ltd. ("SZJW") and Beijing Jinyu Real Estate Development Group Co., Ltd. ("JYDC").

In year 2022, Nanjing Ningkang Investment Management Co., Ltd. ("NJNK"), Hefei Xuhui Business Management Co., Ltd. ("HFXH"), Xu Zhao (HK) Co., Ltd. ("XZHK"), and Shanghai Xinzhi Construction Engineering Co., Ltd. ("SHXZ"), Sichuan New Hope Real Estate Development Co., Ltd. ("SCNH") become immaterial to the Group and hence these companies and their subsidiaries are no longer deemed as a related parties of the Group for the purpose of this related party transaction disclosure note.

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

Notes to the Consolidated Financial Statements (Continued)

37. RELATED PARTY TRANSACTIONS (CONTINUED)

(i) Purchases/provision of services and rental with related parties

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Provision of services and rental		
Beijing North Star Exhibition Investment Co., Ltd. ("BNSEIC", controlled by the same ultimate parent company) (rental income)	5,093	4,893
Beijing Chenxing International Exhibition Co.,Ltd ("BJCXIEC", controlled by the same ultimate parent company) (rental income)	1,036	1,224
Beijing Beichen Industry Group Company Yuanchenxin Real Estate Management Centre ("YCX", controlled by the same ultimate parent company) (internet service income)	–	348
BNSIGC (internet service income)	104	–
BNSEIC (internet service income)	668	943
Purchases of services and rental		
Beijing Beichen Yayun Village Automotive Exchange Market Center ("YVAEX", controlled by the same ultimate parent company)(purchases of operating service)	160	519
BNSIGC (rental expense)	900	900
BNSIGC (brand royalty fee)	10	10
Beijing Asia Olympic Technology Co.,Ltd ("KCYA", controlled by the same ultimate parent company)(purchases of various goods and services)	4,490	9,086

- (a) Purchases/provision of services and rental are carried out in accordance with the terms as mutually agreed between the parties.

Notes to the Consolidated Financial Statements (Continued)

37. RELATED-PARTY TRANSACTIONS (CONTINUED)

(ii) Loans from BNSIGC

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
At 1 January	2,102,950	1,001,232
Proceeds from loans	2,100,000	2,500,000
Repayments of loans	(2,600,000)	(1,400,000)
Interest accrued	85,233	91,895
Interest paid	(86,276)	(90,177)
At 31 December	1,601,907	2,102,950

As at 17 December 2020, the Company obtained a loan of RMB500,000,000 from BNSIGC, which was unsecured, bore interests at a fixed interest rate of 4.75% per annum, and was fully repaid in advance in 2022.

As at 25 June 2021, the Company obtained a loan of RMB300,000,000 from BNSIGC, which was unsecured, bore interests at a fixed interest rate of 4.75% per annum, and was fully repaid in advance in 2022.

As at 17 August 2021, the Company obtained a loan of RMB500,000,000 from BNSIGC, which was unsecured, bore interests at a fixed interest rate of 4.35% per annum, and was fully repaid in advance in 2022.

As at 17 August 2021, the Company obtained a loan of RMB500,000,000 from BNSIGC, which was unsecured, bore interests at a fixed interest rate of 4.75% per annum, and was fully repaid in advance in 2022.

As at 28 June 2021, the Company obtained a loan of RMB300,000,000 from BNSIGC, which was unsecured, bore interests at a fixed interest rate of 4.35% per annum, and was fully repaid on 24 June 2022.

On 12 January 2022, the Company obtained a loan of RMB300,000,000 from BNSIGC, which was unsecured, bore interests at a fixed interest rate of 4.75% per annum, and was fully repaid in advance in 2022.

On 12 January 2022, the Company obtained a loan of RMB100,000,000 from BNSIGC, which was unsecured, bore interests at a fixed interest rate of 4.35% per annum, and was fully repaid in advance in 2022.

On 26 October 2022, the Company obtained a loan of RMB100,000,000 from BNSIGC, which was unsecured, bore interests at a fixed interest rate of 3.65% per annum, and was fully repaid in advance in 2022.

On 26 October 2022, the Company obtained a loan of RMB500,000,000 from BNSIGC, which is unsecured, bears interests at a fixed interest rate of 3.90% per annum, and is repayable on 14 December 2023.

Notes to the Consolidated Financial Statements (Continued)

37. RELATED-PARTY TRANSACTIONS (CONTINUED)

(ii) Loans from BNSIGC (Continued)

On 26 October 2022, the Company obtained a loan of RMB300,000,000 from BNSIGC, which is unsecured, bears interests at a fixed interest rate of 3.90% per annum, and is repayable on 9 January 2024.

On 26 October 2022, the Company obtained a loan of RMB800,000,000 from BNSIGC, which is unsecured, bears interests at a fixed interest rate of 3.90% per annum, and is repayable on 11 June 2024.

(iii) Project cooperation funds to an associate and joint ventures

The Group has provided project cooperation funds to its joint venture, Wuhan Jinchenyingchuang Real Estate Co., Limited (“WHJCYC”), and its associates, Guangzhou Guangyue Real Estate Co., Limited (“GZGY”) and Beijing Chenxuan Real Estate Co., Limited (“BJCX”).

Year ended 31 December 2022	WHJCYC(a) RMB'000	BJCX(b) RMB'000	GZGY(c) RMB'000	Total RMB'000
At 1 January	392,827	633,230	441,854	1,467,911
Project cooperation funds granted	3,822	–	209,230	213,052
Repayments of project cooperation funds	(29,400)	(627,575)	–	(656,975)
Interest income accrued	23,990	17,909	35,631	77,530
Interest income received	(24,049)	–	(35,199)	(59,248)
At 31 December	367,190	23,564	651,516	1,042,270
Year ended 31 December 2021	WHJCYC(a) RMB'000	BJCX(b) RMB'000	GZGY(c) RMB'000	Total RMB'000
At 1 January	–	–	161,521	161,521
Project cooperation funds granted	392,068	627,575	279,790	1,299,433
Interest income accrued	8,960	5,655	16,821	31,436
Interest income received	(8,201)	–	(16,278)	(24,479)
At 31 December	392,827	633,230	441,854	1,467,911

(a) The funds to WHJCYC are unsecured, bear interests at fixed rate of 6.5% per annum and are repayable by installment within two years.

(b) The funds to BJCX are unsecured, bear interests at fixed rate of 6.5% per annum and are repayable by installment within two years. BJCX has repaid the funds in advance in 2022.

(c) The funds to GZGY are unsecured, bear interests at fixed rate of 6.5% per annum and are repayable by installment within two years.

Notes to the Consolidated Financial Statements (Continued)

37. RELATED-PARTY TRANSACTIONS (CONTINUED)

(iv) Funds from related parties

The Group has received funds from its joint ventures, Wuhan Modern Land North Star Real Estate Co., Limited (“WHML”), Hangzhou Jinhu Real Estate Development Co., Limited (“HZJH”), Hangzhou Chenxu Investment Co., Limited (“HZCX”), Wixi North Star Shengyang Real Estate Development Co., Limited (“WXSJ”), and its associate, Wuxi ChenWan Real Estate Co., Limited (“WXCW”) and from its non-controlling shareholders of certain subsidiaries of the Group, WHJL and WHJD.

	WHML RMB'000	HZJH RMB'000	HZCX RMB'000	WXSJ RMB'000	WXCW RMB'000	WHJL RMB'000	WHJD RMB'000	Total RMB'000
At 1 January 2022	42,000	152,500	58,160	208,000	7,350	54,020	50,790	572,820
Funds granted	-	-	-	20,000	14,700	-	-	34,700
Repayment of funds	-	-	(58,160)	(196,000)	-	-	-	(254,160)
At 31 December 2022	42,000	152,500	-	32,000	22,050	54,020	50,790	353,360

	WHML RMB'000	HZJH RMB'000	HZCX RMB'000	WXSJ RMB'000	WXCW RMB'000	WHJL RMB'000	WHJD RMB'000	Total RMB'000
At 1 January 2021	42,000	137,500	58,160	380,000	147,000	-	-	764,660
Funds granted	-	15,000	-	-	-	-	-	15,000
Repayment of funds	-	-	-	(172,000)	(139,650)	-	-	(311,650)
At 31 December 2021	42,000	152,500	58,160	208,000	7,350	-	-	468,010

The funds advanced from joint ventures and associates are unsecured, interest free and have no fixed terms of repayment.

The funds advanced from WHJL and WHJD are unsecured, bear interests at a fixed rate of 10.5% per annum and have no fixed terms of repayment.

Notes to the Consolidated Financial Statements (Continued)

37. RELATED-PARTY TRANSACTIONS (CONTINUED)

(v) Funds advanced to related parties

	BNSIGC(a) RMB'000	SZJW RMB'000	JYDC RMB'000	Total RMB'000
At 1 January 2022, as restated	107,925	79,000	–	186,925
Funds granted during the year	17,309	–	416,500	433,809
Repayments of funds	(125,234)	–	–	(125,234)
At 31 December 2022	–	79,000	416,500	495,500

	SZJW RMB'000	SCNH RMB'000	XZHK RMB'000	HFXH RMB'000	NJNK RMB'000	Total RMB'000
At 1 January 2021	80,000	611,814	705,000	25,000	249,900	1,671,714
Funds granted	79,000	78,400	–	40,000	–	197,400
Repayment of funds	(80,000)	(147,000)	(25,000)	–	(8,330)	(260,330)
At 31 December 2021	79,000	543,214	680,000	65,000	241,570	1,608,784

The funds advanced to related parties are unsecured, interest free and have no fixed terms of repayment.

- (a) The amount due from BNSIGC as at 1 January 2022 was restated due to business combination involving entity under common control as mentioned in Note 36 and the amount was fully repaid to the Group in June 2022.

Notes to the Consolidated Financial Statements (Continued)

37. RELATED-PARTY TRANSACTIONS (CONTINUED)

(vi) Advances to related parties

	BNSEIC RMB'000	WHJCYC RMB'000	BJCXIEC RMB'000	WHML RMB'000	Total RMB'000
At 1 January 2022	-	-	-	-	-
Advances during the year	284	738	491	74	1,587
Repayments	(284)	(738)	(491)	(74)	(1,587)
At 31 December 2022	-	-	-	-	-

The funds advance to related parties are unsecured, interest free and have no fixed terms of repayment.

(vii) Key management compensation

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Salaries, bonus and other short-term employee benefits	20,833	19,574
Post-employment benefit	2,409	1,304
	23,242	20,878

Notes to the Consolidated Financial Statements (Continued)

37. RELATED-PARTY TRANSACTIONS (CONTINUED)

(viii) Balances arising from purchases/provision of goods and services and funds/advances

	As at 31 December 2022 RMB'000	2021 RMB'000 (Restated)
Trade and other receivables from related parties		
– SZJW	79,000	79,000
– SCNH	—	543,214
– GZGY	651,516	441,854
– WHJCYC	367,190	392,827
– BJCX	23,565	633,230
– JYDC	416,500	—
– BNSEIC	80	—
– BNSIGC	—	107,925
– XZHK	—	680,000
– HFXH	—	65,000
– NJNK	—	241,570
	1,537,851	3,184,620
Trade and other payables to related parties		
– WHJL	3,057	—
– BNSIGC	1,907	2,950
– WHJD	2,874	—
– KCYA	4,573	2,306
– BNSEIC	1,196	1,196
– JYDC	219	—
– BJCXIEC	23,200	—
– Beichen Jingxi Science Fiction (Beijing) Convention and Exhibition Co. Limited	1,115	—
– SCNH	—	48,292
– NJNK	—	164,238
– SHXZ	—	6,894
– XZHK	—	275,413
	38,141	501,289
Loans/advances from related parties		
– BNSIGC	1,600,000	2,100,000
– HZJH	152,500	152,500
– HZCX	—	58,160
– WHJL	54,020	—
– WHJD	50,790	—
– WHML	42,000	42,000
– WXSJ	32,000	208,000
– WXCW	22,050	7,350
	1,953,360	2,568,010

As at 31 December 2022, loss allowance for receivables from related parties of RMB177,376,000 have been recognised based on the expected credit loss model.

Notes to the Consolidated Financial Statements (Continued)

37. RELATED-PARTY TRANSACTIONS (CONTINUED)

(ix) Lease liabilities

	As at 31 December	2021
	2022	<i>RMB'000</i>
	<i>RMB'000</i>	<i>RMB'000</i>
BNSIGC (lease liability in respect of the Land)	15,908	15,259

- (a) On 27 September 2019, the Company and BNSIGC have entered into an Asset Transfer Agreement pursuant to which the Company will acquire a piece of land (located in Beijing, the PRC) (the "Land") from BNSIGC.

As of the date of these consolidated financial statements, the proposed acquisition of the Land has not yet been completed because the final transfer price has yet to be approved by Beijing SASAC and the proposed acquisition of the Land has to be approved by the independent shareholders of the Company.

The Group has recognised a right-of-use asset and lease liability based on the transitional period arrangements agreed upon by both parties.

(x) Accept financial guarantee

Pursuant to the agreements as entered into between BNSIGC and the Group, BNSIGC provides joint liability counter-guarantee for the Group's borrowings from Beijing International Trust Company Limited, which amounted to RMB992,000,000 (2021: RMB994,000,000) as at 31 December 2022.

- (xi) The Group's joint venture, WXSJ, has declared a dividend of RMB490,000,000 in June 2022, among which dividend of RMB196,000,000 is entitled by the Group and has been offset against the amounts due to the joint venture.

The Group's joint venture, HZCX, has declared a dividend of RMB41,177,000 in August 2022, among which dividend of RMB14,641,000 is entitled by the Group and has been offset against the amounts due to the joint venture.

Notes to the Consolidated Financial Statements (Continued)

38. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	As at 31 December 2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
ASSETS		
Non-current assets		
Loans to subsidiaries	14,213,158	14,347,227
Right-of-use assets	8,319	12,893
Investment properties	13,374,179	13,328,198
Property, plant and equipment	1,205,763	1,269,216
Investments in subsidiaries	8,313,230	8,268,197
Investments accounted for using the equity method	—	15,865
Deferred income tax assets	301,258	281,586
Other receivables and prepayment	848,064	1,280,029
	38,263,971	38,803,211
Current assets		
Loans to subsidiaries	6,991,322	8,231,346
Completed properties held for sale	385,298	596,465
Other inventories	37,573	36,717
Trade and other receivables and prepayments	970,200	349,228
Restricted bank deposits	17,063	24,629
Cash and cash equivalents	5,412,813	7,531,453
	13,814,269	16,769,838
Total assets	52,078,240	55,573,049

Notes to the Consolidated Financial Statements (Continued)

38. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

	As at 31 December 2022 RMB'000	2021 RMB'000
LIABILITIES		
Non-current liabilities		
Long term borrowings	17,468,165	15,791,582
Lease liabilities	1,276	1,512
Loans from other parties	1,100,000	1,405,098
Employee termination benefit obligations	96,332	107,507
Deferred income tax liabilities	2,152,975	2,113,205
Deferred income	19,287	3,128
	20,838,035	19,422,032
Current liabilities		
Trade and other payables	9,594,593	11,521,353
Advances from other parties	192,670	234,114
Contract liabilities	205,784	456,050
Current income tax liabilities	610,272	603,910
Lease liabilities	16,938	23,291
Current portion of long term borrowings	3,779,682	5,530,587
	14,399,939	18,369,305
Total liabilities	35,237,974	37,791,337
Net assets	16,840,266	17,781,712
EQUITY		
Equity attributable to owners of the Company		
Share capital	3,367,020	3,367,020
Other reserves	4,886,010	4,887,814
Retained earnings	8,587,236	8,508,637
Equity attributable to ordinary shareholders of the Company	16,840,266	16,763,471
Perpetual bond	-	1,018,241
Total equity	16,840,266	17,781,712

The balance sheet of the Company was approved by the Board of Directors of the Company on 23 March 2023 and was signed on its behalf.

Li Wei Dong
Director

Li Yun
Director

Notes to the Consolidated Financial Statements (Continued)

38. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Reserve movement of the Company

	Retained earnings <i>RMB'000</i>	Other reserves <i>RMB'000</i>
At 1 January 2021	8,441,607	4,873,178
Profit for the year	188,365	–
Dividends relating to 2020	(101,011)	–
Appropriation of statutory reserves	(20,324)	20,324
Other comprehensive income	–	7,920
Redemption of perpetual bond	–	(13,608)
At 31 December 2021	8,508,637	4,887,814
At 1 January 2022	8,508,637	4,887,814
Profit for the year	114,303	–
Dividends relating to 2021	(33,670)	–
Appropriation of statutory reserves	(2,034)	2,034
Other comprehensive income	–	4,562
Redemption of perpetual bond	–	(8,400)
At 31 December 2022	8,587,236	4,886,010

Notes to the Consolidated Financial Statements (Continued)

39. BENEFITS AND INTERESTS OF DIRECTORS

(a) The remuneration of every director and the chief executive is set out below

For the year ended 31 December 2022:

Name of Director	Fees RMB'000	Salary RMB'000	Employer's contribution to retirement benefit scheme RMB'000	Housing allowance RMB'000	Total RMB'000
<i>Executive directors:</i>					
Mr. Li Wei Dong	–	674	94	43	811
Ms. Li Yun	–	683	94	43	820
Mr. Chen De Qi (i)	–	31	7	3	42
Mr. Yang Hua Sen (ii)	–	345	86	40	472
Ms. Zhang Wen Lei	–	595	94	43	732
Mr. Guo Chuan	–	556	94	43	693
<i>Non-executive directors:</i>					
Mr. Chen De Qiu	–	–	–	–	–
Mr. Gan Pei Zhong	150	–	–	–	150
Mr. Zhou Yong Jian	150	–	–	–	150
	300	2,885	469	216	3,870

(i) Resigned from director on 19 January 2022.

(ii) Appointed as director on 23 February 2022.

Notes to the Consolidated Financial Statements (Continued)

39. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) The remuneration of every director and the chief executive is set out below (Continued)

For the year ended 31 December 2021:

Name of Director	Fees <i>RMB'000</i>	Salary <i>RMB'000</i>	Employer's contribution to retirement benefit scheme <i>RMB'000</i>	Housing allowance <i>RMB'000</i>	Total <i>RMB'000</i>
<i>Executive directors:</i>					
Mr. Li Wei Dong	–	1,165	85	40	1,290
Ms. Li Yun	–	1,054	85	40	1,179
Mr. Chen De Qi	–	968	85	40	1,093
Ms. Zhang Wen Lei	–	1,029	85	40	1,154
Mr. Guo Chuan	–	968	85	40	1,093
<i>Non-executive directors:</i>					
Mr. Chen De Qiu (i)	–	–	–	–	–
Mr. Fu Yiu Man (ii)	56	–	–	–	56
Mr. Gan Pei Zhong	150	–	–	–	150
Mr. Wu Ge (ii)	56	–	–	–	56
Mr. Zhou Yong Jian (i)	95	–	–	–	95
	357	5,184	425	200	6,166

(i) Appointed as director on 13 May 2021.

(ii) Resigned from director on 13 May 2021.

Supplementary Information

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the year ended 31 December 2022 in accordance with the China Accounting Standards for Business Enterprises, the Application Guidance for Accounting Standard for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance of the PRC on 15 February 2006, and thereafter ("CAS"). The differences between the financial statements prepared under CAS and HKFRS are summarised as follows:

	(Loss)/profit attributable to owners of the Company and holders of perpetual bond for the year ended 31 December		Capital and reserves attributable to the owners of the Company and holders of perpetual bond as at 31 December	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
As stated in accordance with CAS	(1,575,516)	212,984	12,786,706	15,508,961
Impact of HKFRS adjustments				
1. Reversal of depreciation and impairment of investment properties	268,161	232,846	2,420,776	2,152,615
2. Fair value adjustment of investment properties under HKFRS	(138,638)	(100,673)	4,205,468	4,344,106
As stated in accordance with HKFRS	(1,445,993)	345,157	19,412,950	22,005,682

Directors' Proposal on the Appropriation of Profit for the Year of 2022

In accordance with the pertinent regulations and based on the actual situation of the Company, the Board of Beijing North Star Company Limited, at a meeting held on 23 March 2023, proposed that the appropriation of profit of the Company for the year of 2022 be as follows:

- I. The appropriation of profits after taxation shall be: 10% for Statutory Reserve Fund, 0% for Discretionary Reserve Fund and 90% for profit available for distribution.
- II. No profit distribution will be made for the year 2022 nor will any other form of distribution including the scheme of capital reserve fund convention be implemented.
- III. This proposal is subject to the approval by the shareholders at the 2022 annual general meeting.

Beijing North Star Company Limited

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:	12th Floor, Tower A, Hui Xin Building No. 8 Bei Chen Dong Road Chao Yang District, Beijing the PRC
Legal representative of the Company:	LI Wei-Dong
Company secretaries:	GUO Chuan LEE Ka Sze, Carmelo
Person-in-charge on information disclosure:	GUO Chuan
Enquiry unit for Company information disclosure:	Work department of the Board

COMPANY INFORMATION ENQUIRY

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Postal code:	100101
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Website:	www.beijingns.com.cn

Corporate Information (Continued)

REGISTRATION

Date and place of first registration: 2 April 1997,
Beijing, the PRC

Creditability code: 91110000633791930G

AUDITORS

PRC auditor: PricewaterhouseCoopers Zhong Tian LLP

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Certified Public Accountants
Registered Public Interest Entity Auditor

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Corporate Information (Continued)

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