



HKEx Stock Code: 0588  
SSE Stock Code: 601588

# 2023 ANNUAL REPORT





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## Financial Highlights

### RESULTS

Year ended 31 December	2023 RMB'000	2022 RMB'000	2021 RMB'000 (Restated)	2020 RMB'000	2019 RMB'000
Revenue	15,751,478	12,988,940	22,182,854	17,995,842	20,122,314
Profit/(Loss) before income tax	1,076,351	(803,113)	1,590,588	1,512,580	4,681,368
Income tax expenses	1,066,161	722,064	1,350,530	1,042,383	2,579,488
Profit/(Loss) for the year	10,190	(1,525,177)	240,058	470,197	2,095,459
Attributable to:					
Ordinary shareholders of the Company	140,407	(1,471,352)	207,374	21,658	1,788,709
Investors of perpetual bonds	–	25,359	137,783	143,530	116,859
Non-controlling interests	(130,217)	(79,184)	(105,099)	305,009	189,891

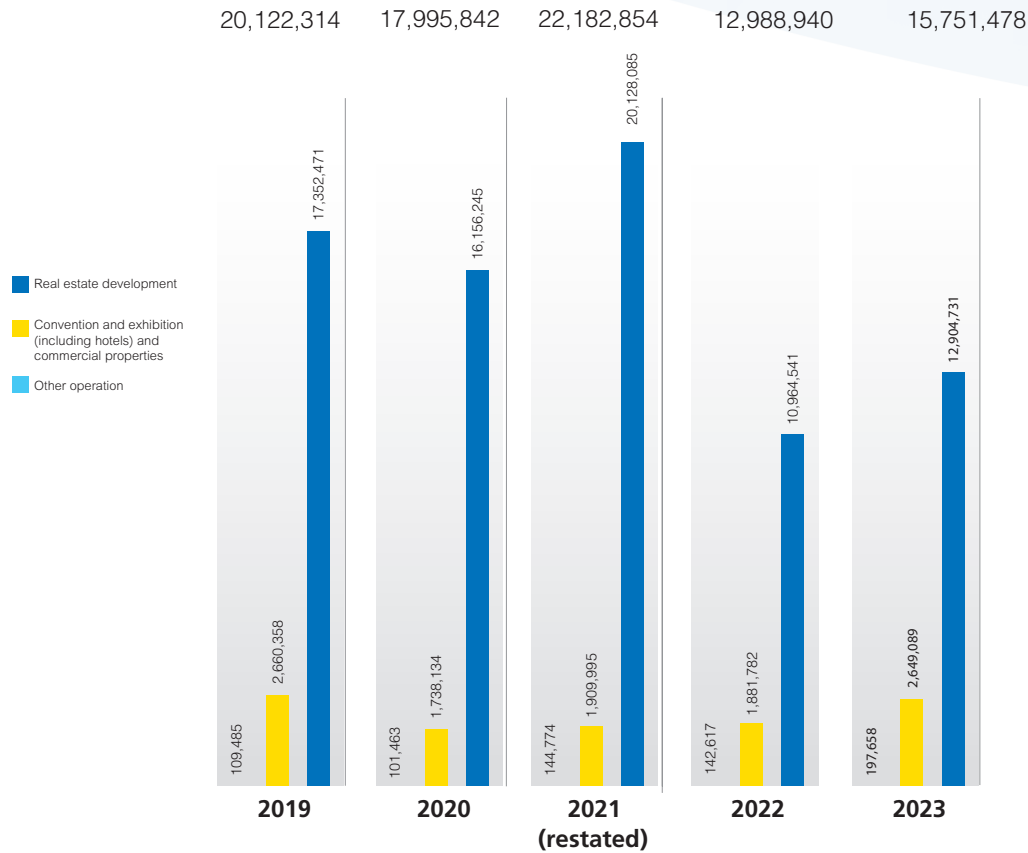
### ASSETS AND LIABILITIES

As at 31 December	2023 RMB'000	2022 RMB'000	2021 RMB'000 (Restated)	2020 RMB'000	2019 RMB'000
Total assets	65,155,827	76,112,736	88,479,352	94,929,518	102,438,791
Total liabilities	42,927,967	53,528,643	62,610,819	68,835,886	75,900,502
Total equity	22,227,860	22,584,093	25,868,533	26,093,632	26,538,289

## Financial Highlights (Continued)

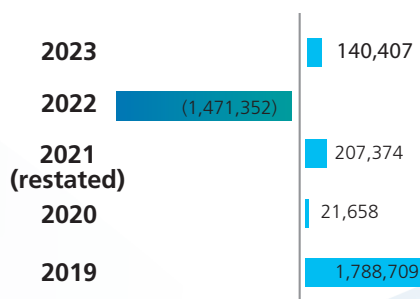
### REVENUE BY BUSINESS

RMB'000



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

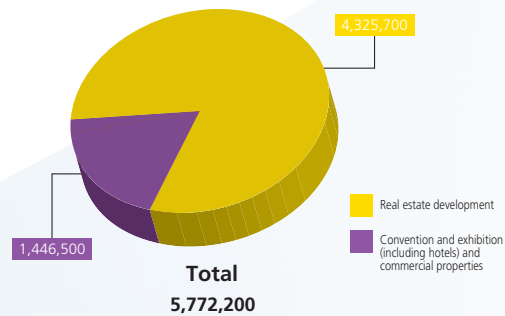
RMB'000



### GROSS AREA OF PROPERTY PORTFOLIO

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For the year ended 31 December 2023





## Chairman's Report

Dear Shareholders,

On behalf of the board of directors (the "**Board**"), I am pleased to present to you the operating results of the Company for the year ended 31 December 2023 (the "**Reporting Period**").

As of 31 December 2023, according to the Hong Kong Financial Reporting Standards ("**HKFRS**"), during the Reporting Period, the Company recorded an operating revenue of RMB15,751,478,000 representing a year-on-year increase of 21.27%. Profit before tax and profit attributable to ordinary shareholders amounted to RMB1,076,351,000 and RMB140,407,000, respectively, both achieved a turnaround from loss to profit. In particular, the after-tax core operating results of the principal activities of the Company (excluding losses arising from the changes in fair value) were RMB268,846,000, representing a year-on-year increase of 120.17%. The loss (before taxation) on changes in fair value of investment properties during the Reporting Period was RMB180,599,000. Earnings per share were RMB0.0417.

Looking back on 2023, as the Chinese economy continued to recover, the Company persisted in the optimization of its industrial layout and further enhanced management efficiency following the general economic recovery trend, thereby effectively preventing risks and realizing synergistic development among various business segments of the Company. For the real estate development business, against the backdrop of intensified differentiation in the market and frequent occurrence of debt risk events, the Company further scaled up its efforts in the development of risk prevention and control system, and implemented various measures to promote sales while ensuring delivery. It has also strengthened its dynamic inventory value management, strived to curb costs and expenses, pushed forward the innovation of development model and focused on improving its risk prevention ability relating to the real estate development business. In terms of the convention and exhibition (including hotels) business, the Company grasped the opportunities in a comprehensive manner and successfully completed various major event assurances. Meanwhile, it actively expanded the upstream business of convention and exhibition, and steadily pushed forward management output business, as a result, the revenue for the year has increased significantly. As for the commercial properties business, the Company continued to enhance the level of professional management, and improved both quality and efficiency with a multi-pronged approach, hence achieved a stable operation.



## Chairman's Report (Continued)

Looking forward to 2024, the Company will maintain a firm confidence in its development and stay committed to its strategic focus by adhering to the principle of seeking progress while maintaining stability. It will actively facilitate the development of the capital city in the new era and the establishment of Beijing as an international consumption center. In addition, it will coordinate high-quality development with high-level security, propel the digital transformation of industries and accelerate the development of a new industry pattern featuring mutual support, complementary advantages and coordinated development, in a bid to push forward high-quality development. In particular, for its real estate development business, the Company will strive to prevent risks while ensuring safety to stabilize the fundamentals for high-quality development; as for its convention and exhibition business, the Company will continue to optimize the industrial layout and undertake the responsibility of creating new momentum for high-quality development ; as for the commercial properties business, the Company will enhance its professional level to strengthen the "ballast stone" for its high-quality development.

I firmly believe that, all the staff members of North Star will, with strong professional ambition and a high sense of responsibility, strive for building the Company into 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

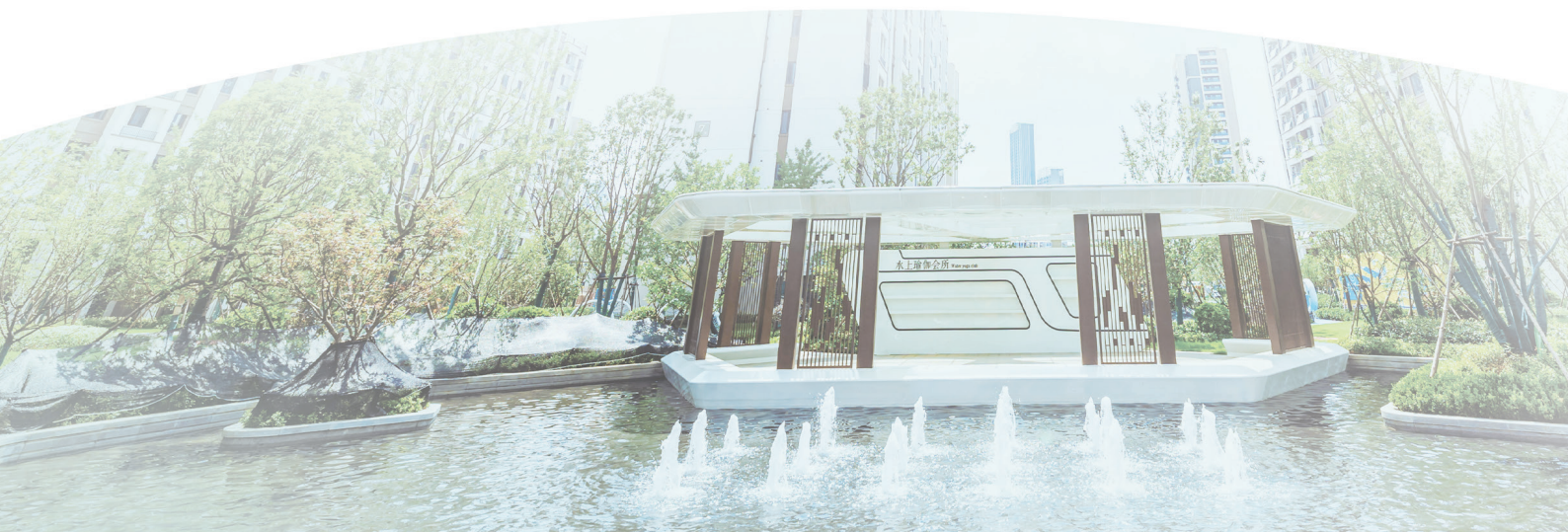
### I. BUSINESS IN WHICH THE COMPANY WAS ENGAGED DURING THE REPORTING PERIOD

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. As at 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 businesses including residential, industry complex, commercial and property services.

Convention and exhibition (including hotels) business relies on Capital Convention (Group) Co., Ltd. to vigorously integrate convention and exhibition resources, continuously strengthening the extension and expansion of new businesses 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, a service provider for high-end state affairs and governmental activities, an important carrier for the development of the capital's international convention and exhibition industry, and is committed to building a first-class international convention and exhibition brand.

With the operating 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 carry out professional asset operation and property services management for businesses and assets held by the Company, such as office buildings, apartments and integrated commercial properties which contributes to the building of an asset operation and management model and a standard property management system with North Star's characteristics, thereby forming a new development pattern featuring mutual support, complementary advantages and coordinated development between its convention and exhibition and real estate businesses.



## 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 development and operating capacity of composite real estate and comprehensive brand influence of its convention and exhibition business. In particular, the multi-type and large-scale real estate development business has become the source of revenue growth for the Company; and its leading convention and exhibition business and professional and branded businesses such as hotels, office buildings, apartments and integrated commercial properties in the PRC provide a stable income base for the Company. Such two segments are interdependent and mutually reinforcing, thus escorting 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 composite real estate projects. Since 2007, the Company has been awarded the title of "Professional Leading Brand of China Complex Estate" by China TOP10 Real Estate Research Group for seventeen consecutive years. Besides, in recent years, the Company continued to promote its expansion into new cities and regional cultivation to achieve a balanced regional layout. As at the end of the Reporting Period, the Company's real estate development business has entered into 15 cities across the country, possessing the basic conditions and professional capability for nationwide development.

On the other hand, with more than 20 years of professional experience in convention and exhibition and hotel operation as well as its international operation and service standards and teams, the Company continues to promote the layout and expansion of the whole convention and exhibition industry chain in the areas such as organizing conventions and exhibitions, high-end state and governmental activities services, management output of convention and exhibition venues and hotels, and convention and exhibition research. Currently, it has become 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, Beijing Paralympic Winter Games, China-Central Asia Summit, Hangzhou Asian Games and Hangzhou Asian Para Games, creating a globally renowned service brand of North Star.

In addition, fully utilizing the advantages of the "headquarters financing" model and leveraging its good credit standing and risk management ability, the Company has established long-term and stable strategic cooperative relationships with many banks and financial institutions, and boasts remarkable advantages in terms of loan interest rates. In the meantime, the Company has actively developed diversified financing channels such as medium-term notes, corporate bonds, asset securitization to continuously optimize its overall debt structure and maintain its advantage of lower financing cost, thus effectively enhancing the risk aversion capacity of the Company.



## Management Discussion and Analysis (Continued)

### III. DEVELOPMENT OF THE INDUSTRY OF THE COMPANY

In 2023, in the face of complex environment both domestically and internationally, China ramped up efforts in macroeconomic control with a focus on expanding domestic demand, optimizing the structure, boosting confidence, and preventing and resolving risks. China's economy showed a positive trend of recovery and solid progress was made in high-quality development. The development of a modern industrial system achieved significant progress and people's livelihood was strongly and effectively safeguarded, with the annual growth rate of GDP reaching 5.2%.

#### 1. Real Estate Development

In 2023, in light of the significant changes in the relationship between supply and demand in the real estate market, the Central Government has emphasized that proactive measures shall be implemented to properly resolve the risks of the real estate industry. In order to stimulate the demand, the regulatory authorities have successively introduced various policies, such as "Recognize the House, Not the Loan", reduction of interest rates on outstanding first home mortgages, sales of mortgaged properties and cutting down brokerage service fees for sales and leasing of housing, which further lowered the cost and threshold for people to buy homes. To stabilize the supply of properties, various departments of the Central Government and local governments increased financial support for real estate enterprises, optimized the supervision of pre-sale funds, with an emphasis on treating real estate enterprises of different ownerships equally and meeting their reasonable financing requirements. The overall policy environment of the real estate industry remained relaxed.

In general, the real estate market witnessed a rise followed by a decline during the year. At the beginning of the year, the market experienced a notable improvement due to the concentrated release of demand and remarkable results of previous policies. However, in the middle of the year, the market failed to sustain the recovery momentum as a result of the decline in market prices and sales volume as well as home purchase sentiment among home buyers. According to the data from the National Bureau of Statistics, the commodity housing sales area in the real estate market of the PRC in 2023 was 947,960,000 square meters, representing a year-on-year decrease of 13.48%, while the sales of commodity housing amounted to RMB10,299 billion, representing a year-on-year decrease of 9.4%. Hit by the downturn in the national land market, the area of residential land launched and sold dropped significantly year-on-year with a structural increase in the average price of sold floor space, while the premium rate remained at a low level.

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

In 2023, as the overall economy continued to recover with strong market demand for convention and exhibition, various convention and exhibition enterprises in China actively carried out business innovation and expanded their business by the combination of online and offline exhibitions, online introductory sessions and online press conferences, etc. The exhibition scale increased significantly, demonstrating a full recovery trend and a growing trend of digital transformation in the convention and exhibition industry. With the recovery of demand for exhibitions and conferences, cultural and recreational activities as well as business travel in various major cities, the hotel industry has seen a significant rise in occupancy rate. Despite the unsatisfactory performance in the net absorption of the office market in Beijing in the first three quarters, the net absorption for the fourth quarter returned to a positive level. The recovery trend of market demand was sustained with a continued downward trend in rents.

# Management Discussion and Analysis (Continued)

## IV. DISCUSSION AND ANALYSIS ON THE OPERATIONS

In 2023, in response to the general economic recovery trend, the Company continued to optimize its industrial layout and further enhance management efficiency, thereby driving the synergistic 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 prudent operation and strived to improve its risk prevention ability relating to the real estate development business.

**Promoting sales and ensuring delivery.** Keeping abreast of adjustments in the real estate policies, the Company reasonably controlled its sales and marketing progress, devoted greater efforts to digital marketing, and implemented various measures to facilitate delivery and destocking. During the year, the delivery of 7,460 residential units in 15 batches was completed in a smooth and orderly manner. During the Reporting Period, the Company achieved contracted sales amount of RMB5.278 billion (including parking spaces) and contracted sales area of 341,500 square meters. In particular, the Company continued to carry out digital marketing and achieved a remarkable result with the turnover of the “North Star Cheng Xiangjia” online platform exceeding RMB500 million. As the final project of Changsha North Star Delta, Yuejiangyang at Block A2 was sold out upon its launch with its high-quality products at an increased selling price despite a general falling trend. The concentrated delivery of projects such as Hanjiang Mansion at Block D4 in Changsha North Star Delta, Ningbo North Star Xianglu Bay, Chongqing North Star • Yuelai Mansion One and North Star Mansion in Haikou was completed successfully as scheduled. Beijing North Star • Villa 1900 was substantially sold out and the sales office of Chengdu North Star • South Lake Xianglu realized en-bloc sales.



① Block A2 in Changsha North Star Delta



② Block D4 in Changsha North Star Delta



## Management Discussion and Analysis (Continued)

**Strengthening risk management and control.** In order to improve the risk prevention and control system, the Company, on the one hand, strengthened its dynamic inventory value management to ensure that the development progress of projects can be controlled, on the other hand, adhered to the principle of “determining expenditure by the revenue”, and strictly controlled operating expenditures, and reduced both costs and expenses.

**Pushing forward the innovation of development model.** Taking into account the current development trend of the industry, the Company reinforced the research on commercial products, actively trying to promote the synergy of “Convention and Exhibition + Property” project.

**Table 1: Real estate reserve during the Reporting Period**

No.	Region(s) of the land held for development	Land area held for development (square meters)	Planned Plot Ratio-Based Gross Floor Area (square meters)	Whether cooperative development project is involved	Area of cooperative development project (square meters)	Percentage of interest in cooperative development project (%)
1	Wuhan North Star Guangguli	134,800	337,000	Yes	171,900	51
2	Wuhan Blue City	217,700	716,000	No	–	100
3	Langfang North Star (Lot 2020-5)	42,800	92,000	No	–	100

*Notes:*

1. Land area held for development represents the gross construction area of undeveloped portion of project land;
2. Planned plot ratio-based gross floor area represents the data calculated with reference to the conditions of assignment at the time of project auction;
3. Area of cooperative development project represents the plot ratio-based gross floor area attributable to the interest held by the Company;
4. During the Reporting Period, total land reserve of the Company was 4,325,700 square meters, equity land reserve was 3,836,600 square meters, with no newly added real estate reserve.

## Management Discussion and Analysis (Continued)

**Table 2: Investment in real estate development during the Reporting Period**

Unit: 100 million Currency: RMB

No.	Location	Project	Mode of operation	Projects under construction/ Newly commenced projects/ Completed projects	Project area (square meter)	Planned plot ratio-based gross floor area (square meter)	Floor area		Total floor area (square meter)	Completed area (square meter)	Total investment amount	Actual investment amount during the Reporting Period
							under construction (square meter)	Completed area (square meter)				
1	Haidian, Beijing	Beijing North Star Xiangju	Residence	Completed	142,400	230,000	-	312,100	312,100	28.59	-	
2	Changping, Beijing	Beijing North Star Red Oak Villa	Villa	Under construction	287,500	150,000	40,200	213,700	173,500	34.00	0.15	
3	Shunyi, Beijing	Beijing Modern North Star Yue MOMA	Self-occupied commercial housing, two-limit housing	Under construction	52,800	109,300	1,400	132,500	131,100	23.47	-	
4	Shunyi, Beijing	Beijing North Star • Villa 1900	Residence	Completed	101,200	140,000	-	213,300	213,300	24.45	-	
5	Haidian, Beijing	Beijing Co. Ltd.	Villa	Completed	-	-	-	6,100	6,100	-	-	
6	Changping, Beijing	Beijing Jinchun Mansion	Residence	Completed	86,600	170,400	-	280,100	280,100	53.17	0.87	
7	Mentougou, Beijing	Beijing Longfor North Star Lanjing	Residence	Completed	26,000	66,200	104,100	104,100	104,100	24.78	1.57	
8	Changsha, Hunan	Changsha North Star Delta	Residence, commercial and office building	Under construction	780,000	3,820,000	570,600	5,019,800	4,783,300	407.08	14.06	
9	Changsha, Hunan	Changsha North Star Central Park	Residence	Completed	336,300	720,000	-	927,100	927,100	26.03	1.23	
10	Changsha, Hunan	Changsha North Star Shiguangli	Residence and commercial	Completed	27,700	107,900	-	145,400	145,400	12.28	0.61	
11	Wuhan, Hubei	Wuhan North Star Modern You +	Residence and commercial	Completed	104,700	241,100	-	313,300	313,300	21.00	0.03	
12	Wuhan, Hubei	Wuhan North Star Guangguli	Commercial service	Under construction	84,200	337,000	75,100	492,000	357,200	25.81	1.35	
13	Wuhan, Hubei	Wuhan Blue City	Residence and commercial	Under construction	353,000	716,000	17,000	980,100	745,400	102.68	2.15	
14	Wuhan, Hubei	Wuhan Gemdale • North Star China Chic	Residence	Completed	41,800	127,000	-	178,900	178,900	13.51	0.13	
15	Wuhan, Hubei	Wuhan North Star Peacock City	Residence	Completed	75,200	172,800	-	220,400	220,400	9.88	0.10	
16	Wuhan, Hubei	Hangtian Mansion Wuhan North Star Jingkaiyou+ (Lot 067)	Residence and commercial	Completed	50,500	126,200	-	180,300	180,300	12.42	0.79	



## Management Discussion and Analysis (Continued)

No.	Location	Project	Mode of operation	Projects under construction/ Newly commenced projects/ Completed projects	Project area (square meter)	Planned plot ratio-based gross floor area (square meter)	Floor area		Total investment amount	Actual investment amount during the Reporting Period
							under construction (square meter)	Completed area (square meter)		
17	Wuhan, Hubei	Wuhan North Star Jingkayou+ (Lot 068)	Residence and commercial	Under construction	63,200	158,100	227,700	227,700	16.38	0.90
18	Wuhan, Hubei	Wuhan North Star Jindiyang Time	Residence and commercial	Completed	50,500	151,400	212,100	-	16.72	0.40
19	Hangzhou, Zhejiang	Hangzhou North Star Shushan Project	Residence and commercial	Completed	83,900	235,000	317,500	-	25.29	0.20
20	Hangzhou, Zhejiang	Hangzhou Guosongfu	Residence	Completed	21,900	48,200	69,900	-	17.16	0.0033
21	Hangzhou, Zhejiang	Hangzhou Jimu Duhui Yijing	Residence and commercial	Completed	57,400	144,000	209,700	-	5.50	0.01
22	Hangzhou, Zhejiang	Hangzhou Lingchao Mansion	Residence	Completed	12,200	25,700	44,400	-	12.52	0.20
23	Hangzhou, Zhejiang	Hangzhou North Star Chenchun Lancheng	Residence	Under construction	69,000	179,300	276,400	276,400	52.18	3.68
24	Ningbo, Zhejiang	Ningbo Beicherfu	Residence	Completed	47,300	137,400	189,700	-	45.20	0.39
25	Ningbo, Zhejiang	Ningbo Mansion • Jititan	Residence and commercial	Completed	133,000	292,500	404,800	-	34.33	0.30
26	Yuyao, Zhejiang	Ningbo Xianglu Bay	Residence	Completed	68,700	116,800	166,400	166,400	22.43	2.62
27	Nanjing, Jiangsu	Nanjing North Star CFI Park Jining	Residence	Completed	25,300	70,700	105,000	-	14.73	0.02
28	Suzhou, Jiangsu	Suzhou North Star CFI Park No. 1 Mansion	Residence and commercial	Completed	178,700	180,500	273,900	-	17.28	0.02
29	Suzhou, Jiangsu	Suzhou Guanlan Mansion	Residence and commercial	Under construction	170,000	268,800	392,900	165,400	65.70	3.88
30	Wuxi, Jiangsu	Wuxi Tianyi Jiuzhu	Residence	Completed	88,000	196,000	255,400	-	28.60	0.12
31	Wuxi, Jiangsu	Wuxi Times City	Residence	Completed	137,900	413,800	535,400	-	46.79	0.18
32	Chengdu, Sichuan	Chengdu North Star Langshi Nanmen Lijun	Residence and commercial	Completed	63,600	158,600	237,000	-	9.83	0.43
33	Chengdu, Sichuan	Chengdu North Star • Xianglu	Residence and commercial	Completed	40,400	96,900	148,300	-	16.16	1.04
34	Chengdu, Sichuan	Chengdu North Star • South Lake Xianglu	Residence	Completed	88,000	210,000	297,100	-	26.25	0.59
35	Chengdu, Sichuan	Chengdu North Star Royal Palace	Residence and commercial	Completed	26,600	79,800	120,000	-	18.03	0.83
36	Chengdu, Sichuan	Chengdu North Star Luming Mansion	Residence and commercial	Completed	80,100	160,300	227,300	-	22.00	1.74

## Management Discussion and Analysis (Continued)

No.	Location	Project	Mode of operation	Projects under construction/ Newly commenced projects/ Completed projects	Planned plot ratio-based gross floor area (square meter)	Floor area		Total floor area (square meter)	Completed area (square meter)	Total investment amount	Actual investment amount during the Reporting Period
						under construction (square meter)	under construction (square meter)				
37	Meishan, Sichuan	Sichuan North Star Guosongfu	Residence and commercial	Completed	149,800	–	197,400	197,400	16.32	0.62	
38	Meishan, Sichuan	Sichuan North Star Longxintai	Residence and commercial	Completed	84,000	126,600	126,600	126,600	15.08	2.74	
39	Langfang, Hebei	Langfang North Star Xianglu	Residence and commercial	Under construction	296,800	145,000	357,700	291,800	31.28	2.79	
40	Langfang, Hebei	Langfang North Star Blue City (Lot 2018-4)	Residence	Under construction	164,800	245,600	245,600	–	24.56	1.89	
41	Langfang, Hebei	Langfang Xingchenli (Lot 2019-3)	Commercial	Newly commenced	52,800	75,400	75,400	–	5.45	0.30	
42	Langfang, Hebei	Langfang North Star (Lot 2020-5)	Residence	Newly commenced	92,000	95,400	138,300	–	13.43	0.60	
43	Hebei, Anhui	Hebei North Star CIFI Park Mansion • Luzhou	Residence and commercial	Completed	239,000	–	356,200	356,200	21.07	0.39	
44	Yubei, Chongqing	Chongqing • Yuelai Mansion One	Residence and commercial	Under construction	918,000	468,500	1,274,000	1,022,300	115.93	6.24	
45	Yubei, Chongqing	Chongqing North Star Xianglu	Residence	Under construction	102,200	150,400	150,400	149,400	24.64	1.43	
46	Haikou, Hainan	North Star Mansion in Haikou	Residence and commercial	Completed	206,000	46,600	281,100	281,100	36.31	2.20	
47	Haikou, Hainan	Haikou North Star Changxiu Shijia	Residence	Completed	106,800	–	134,700	134,700	12.35	1.42	
48	Guangzhou, Guangdong	Guangzhou Lanting Xianglu (Lot 1116)	Residence and commercial	Under construction	77,800	113,700	113,700	–	12.00	0.47	
49	Guangzhou, Guangdong	Guangzhou Lanting Xianglu (Lot 1114)	Residence and commercial	Under construction	76,600	110,600	110,600	46,400	9.66	1.06	

### Notes:

1. Total investment amount represents the estimated total investment amounts for each project;
2. During the Reporting Period, the Company's new construction area was 407,300 square meters; the area for new and resumed construction was 3,222,300 square meters; and the completed area was 1,426,100 square meters.

## Management Discussion and Analysis (Continued)

**Table 3: Sales and booked sales of real estate during the Reporting Period**

Unit: 0'000 Currency: RMB

No.	Location	Project	Mode of operation	Saleable area (square meter)	Sold (including pre-sold) area (square meter)	Booked area (square meter)	Booked revenue	Area to be booked at the end of the Reporting Period (square meter)
1	Chao Yang, Beijing	Beijing North Star Green Garden	Residence, commercial and office building	6,291	-	-	1,470	337
2	Haidian, Beijing	Beijing North Star Xianglu	Residence	-	-	-	64	728
3	Chao Yang, Beijing	Beijing North Star Fudi	Residence and commercial	13,946	10,816	10,816	6,278	-
4	Shunyi, Beijing	Beijing North Star • Villa 1900	Residence	13,825	9,866	10,003	30,272	763
5	Chao Yang, Beijing	Beijing Bihai Fangzhou	Residence	830	-	-	-	1,499
6	Changping, Beijing	Beijing North Star Red Oak Villa	Villa	27,729	-	-	-	1,276
7	Shunyi, Beijing	Beijing Modern North Star Yue MOMA	Self-occupied commercial housing, two-limit housing	3,243	-	321	1,222	-
8	Changping, Beijing	Beijing Jinchen Mansion	Residence	87,699	2,465	3,789	18,061	-
9	Mentougou, Beijing	Beijing Longfor North Star Lanjing	Residence	14,579	9,070	-	-	-
10	Changsha, Hunan	Changsha North Star Delta	Residence, commercial and office building	58,771	33,936	247,340	359,892	58,107
11	Changsha, Hunan	Changsha North Star Central Park	Residence	16,073	4,080	8,271	10,409	8,199
12	Changsha, Hunan	Changsha North Star Shiguangli	Residence and commercial	27,557	11,128	8,927	6,446	4,172
13	Wuhan, Hubei	Wuhan North Star Modern You +	Residence and commercial	662	-	-	-	-
14	Wuhan, Hubei	Wuhan North Star Guangguli	Commercial service	97,186	1,246	4,240	6,767	590
15	Wuhan, Hubei	Wuhan Blue City	Residence and commercial	63,060	3,218	6,313	5,789	444



## Management Discussion and Analysis (Continued)

No.	Location	Project	Mode of operation	Saleable area (square meter)	Sold (including pre-sold) area (square meter)	Booked area (square meter)	Booked revenue	Area to be booked at the end of the Reporting Period (square meter)
16	Wuhan, Hubei	Wuhan Gemdale • North Star China Chic	Residence	1,056	184	184	814	–
17	Wuhan, Hubei	Wuhan North Star Peacock City Hangtian Mansion	Residence	35,922	56	257	145	348
18	Wuhan, Hubei	Wuhan North Star Jingkaiyou+ (Lot 067)	Residence and commercial	122,060	13,940	50,057	32,886	–
19	Wuhan, Hubei	Wuhan North Star Jindiayang Time	Residence and commercial	148,133	10,172	–	–	–
20	Hangzhou, Zhejiang	Hangzhou North Star Shushan Project	Residence and commercial	7,304	430	240	821	190
21	Hangzhou, Zhejiang	Hangzhou Guosongfu	Residence	–	–	–	132	–
22	Hangzhou, Zhejiang	Hangzhou Lingchao Mansion	Residence	800	640	597	2,444	159
23	Hangzhou, Zhejiang	Hangzhou North Star Chenchun Lancheng	Residence	56,180	5,247	–	–	9,161
24	Ningbo, Zhejiang	Ningbo Beichenfu	Residence	7,873	363	891	2,482	–
25	Ningbo, Zhejiang	Ningbo Mansion • Jintian	Residence and commercial	147	–	–	500	–
26	Yuyao, Zhejiang	Ningbo Xianglu Bay	Residence	39,075	19,605	93,093	174,643	–
27	Suzhou, Jiangsu	Suzhou Guanlan Mansion	Residence and commercial	108,466	19,708	21,122	35,232	10,321
28	Wuxi, Jiangsu	Wuxi Times City	Residence	136	136	–	–	–
29	Chengdu, Sichuan	Chengdu North Star Langshi Nanmen Lvjun	Residence and commercial	2,038	221	221	597	735
30	Chengdu, Sichuan	Chengdu North Star • Xianglu	Residence and commercial	602	–	362	796	–
31	Chengdu, Sichuan	Chengdu North Star • South Lake Xianglu	Residence	9,699	2,290	3,107	4,354	–
32	Chengdu, Sichuan	Chengdu North Star Royal Palace	Residence and commercial	9,415	3,955	6,457	13,058	–

## Management Discussion and Analysis (Continued)

No.	Location	Project	Mode of operation	Saleable area (square meter)	Sold (including pre-sold) area (square meter)	Booked area (square meter)	Booked revenue	Area to be booked at the end of the Reporting Period (square meter)
33	Chengdu, Sichuan	Chengdu North Star Luming Mansion	Residence and commercial	47,337	35,757	44,868	77,553	743
34	Meishan, Sichuan	Sichuan North Star Guosongfu	Residence and commercial	34,202	17,566	26,953	17,363	583
35	Meishan, Sichuan	Sichuan North Star Longxitai	Residence and commercial	28,418	9,367	14,231	12,180	553
36	Langfang, Hebei	Langfang North Star Xianglu	Residence and commercial	54,270	23,705	42,131	45,729	580
37	Hefei, Anhui	Hefei North Star CIFI Park Mansion • Luzhou	Residence and commercial	857	86	86	952	-
38	Yubei, Chongqing	Chongqing • Yuelai Mansion One	Residence and commercial	169,426	27,211	73,318	88,174	971
39	Yubei, Chongqing	Chongqing North Star Xianglu	Residence	54,717	22,781	64,937	108,991	3,535
40	Haikou, Hainan	North Star Mansion in Haikou	Residence and commercial	40,980	3,048	77,597	140,300	9,546
41	Haikou, Hainan	Haikou North Star Changxiu Shijia	Residence	13,609	11,392	74,330	84,026	4,088
42	Guangzhou, Guangdong	Guangzhou Lanting Xianglu (Lot 114)	Residence and commercial	38,522	27,768	-	-	-

*Note:*

During the Reporting Period, the Company achieved a total sales amount of RMB5.278 billion with a sales area of 341,454 square meters; the booked revenue was RMB12.905 billion and the settlement area was 895,058 square meters; the area to be booked as at the end of the Reporting Period was 117,631 square meters.

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

Taking advantage of the economic recovery, the Company grasped the opportunities to promote each of the convention and exhibition business in a comprehensive manner, as a result, the revenue for the year has increased significantly. As for the commercial properties business, the Company made strenuous efforts in quality and efficiency improvement and achieved a stable operation.

## Management Discussion and Analysis (Continued)

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

**Successfully completing various major event assurances.** Capital Convention (Group) Co., Ltd. (“**Capital Convention**”), a subsidiary of the Company, has completed a series of major event service assurance tasks at a high quality, including the third “Belt and Road” Forum for International Cooperation, the first China-Central Asia Summit, the Main Media Center of Hangzhou Asian Games and Asian Para Games, the Zhongguancun Forum Exhibition (Science and Technology Fair), the Annual Conference of Financial Street Forum 2023, the World Geothermal Congress 2023, the Global Sustainable Transport Forum (2023), the 16th China-LAC Business Summit, Beijing CPPCC, Beijing Xiangshan Forum, the 20th Annual Meeting of International Finance Forum (IFF). “North Star Service” was well received by various parties, which further enhanced our brand influence and recognition.



- ③ The event service assurance task for the Third “Belt and Road” Forum for International Cooperation at Beijing International Convention Centre was successfully completed
- ④ The event service assurance task for the 2023 Zhongguancun Forum Exhibition (Science and Technology Fair) at Beijing International Exhibition Center was successfully completed
- ⑤ The event service assurance task for the 16th China-LAC Business Summit at China National Convention Center was successfully completed
- ⑥ The event service assurance task for the first session of the 14th Beijing CPPCC at Beijing International Convention Centre was successfully completed
- ⑦ The event service assurance task for the 10th Beijing Xiangshan Forum at Beijing International Convention Centre was successfully completed
- ⑧ Demonstration diagram of Permanent Venue of International Finance Forum (IFF)



## Management Discussion and Analysis (Continued)

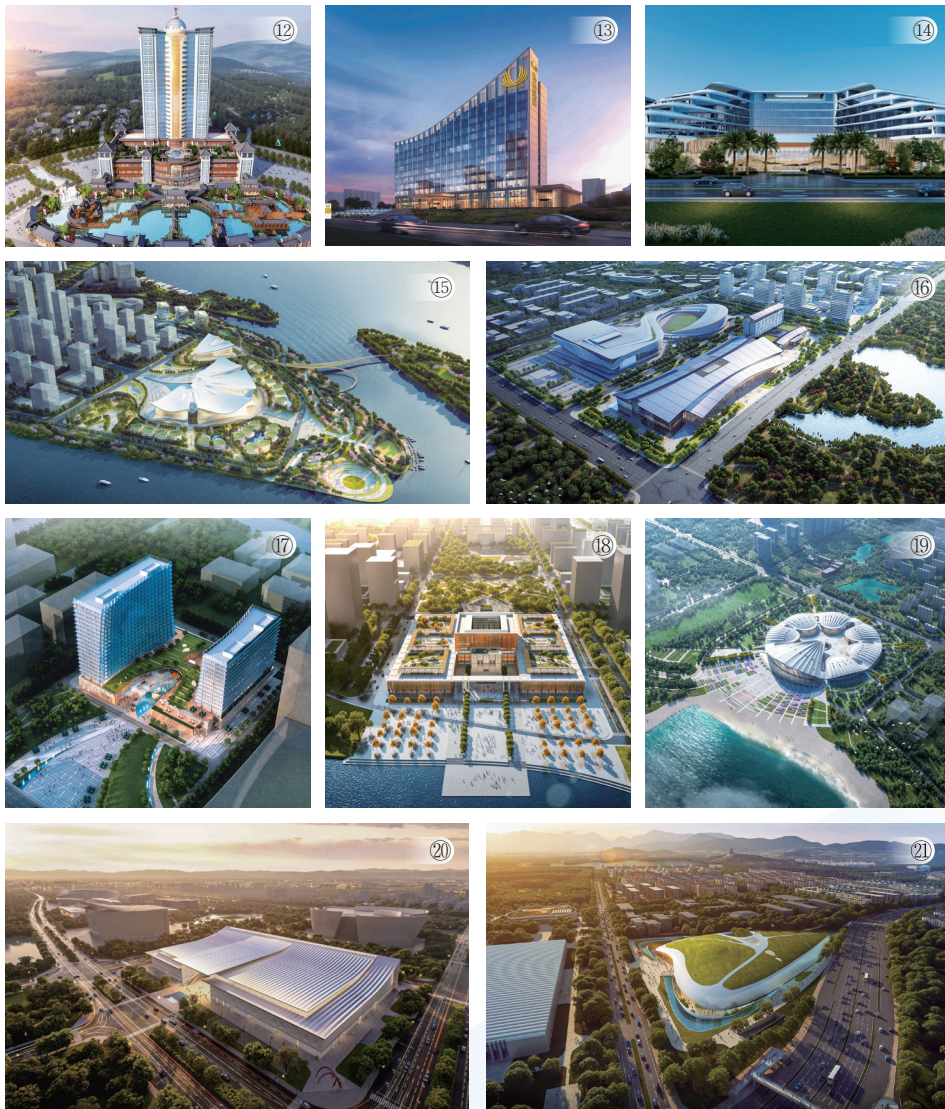
**Actively expanding the upstream business of convention and exhibition.** As a professional operator of the China International Fair for Trade in Services (“CIFTIS”), Capital Convention promoted the market-oriented operation and service assurance work of CIFTIS 2023 to a new level with cash income and in-kind sponsorship hitting a record high in the past three years. Among them, the exhibition area reached 155,000 square meters, 83 countries and international organizations organized exhibitions and conferences, and more than 2,400 companies attended the CIFTIS offline, including over 500 of the world’s top 500 companies and industry-leading enterprises, with an overall internationalization rate exceeding 20%. An aggregate of over 200 summits, thematic forums, business negotiations and other conference activities, as well as more than 70 launch events of various types were held. It has also obtained more than 1,100 achievements of various kinds and received approximately 280,000 visitors and 207 groups. In addition, Capital Convention accelerated the expansion of the upstream business of convention and exhibition. During the Reporting Period, it successfully organized the 17th ISPO Beijing 2023, the first large-scale exhibition in Beijing in 2023, as well as the China Refrigeration Expo 2023, the 2nd Beijing International Art and Designer Toy Show, the Direct Sales Season from Beijing State-owned Enterprises, and the First International Congress of Basic Science, and is actively organizing the World Gas Conference 2025 (WGC2025). Meanwhile, it won the bid for the third China-Africa Economic and Trade Expo project, provided assistance for the Swift International Banker’s Operation Seminar (Sibos 2024) to be held in Beijing, and organized innovative events such as the Beijing International Medical Beauty Industry Development and Products Expo and China Fencing Club League National Tournament.



- ⑨ CIFTIS was held at Shougang Convention & Exhibition Center
- ⑩ China Refrigeration Expo 2023 (Saudi) was successfully held by Beijing International Exhibition Center Co., Ltd.
- ⑪ The 2023 Direct Sales Season from Beijing State-owned Enterprises was held at Shougang Convention & Exhibition Center

## Management Discussion and Analysis (Continued)

**Steadily pushing forward management output business.** The Company continued to promote the operation and management output of exhibition venues and hotel brands. During the Reporting Period, the Company entered into new agreements in relation to the entrusted management of about 10 venues and hotels in Qingdao, Guangzhou, Lishui, Zhengzhou, Nanjing, Beijing, Langfang, Tonghua and Chongqing, etc. To date, the Company has expanded its convention and exhibition venues and hotel management output business into 28 cities across China, covering Beijing-Tianjin-Hebei, Guangdong-Hong Kong-Macao, Chengdu-Chongqing and other important strategic development areas in China, and owns 62 venues and hotel consultancy projects and 55 entrusted venues and hotel management projects, with a total area of 4.65 million square meters under entrusted management, enabling the Company to continuously expand its market share and maintain its leading position in the industry.



- ⑫ Demonstration diagram of Tonghua V-Continent Canchuang Crown Hotel
- ⑬ Demonstration diagram of North Star V-Continent Yongqing Crown Hotel
- ⑭ Demonstration diagram of Chongqing V-Continent China Communications City Crown Hotel
- ⑮ Demonstration diagram of Permanent Venue of International Finance Forum (IFF)
- ⑯ Demonstration diagram of Lishui International Convention & Exhibition Center
- ⑰ Demonstration diagram of Nanjing Biotech and Pharmaceutical Valley Business Center
- ⑱ Demonstration diagram of Qingdao Shanghe International Convention Center
- ⑲ Demonstration diagram of Qingdao SCODA Pearl International Expo Center Complex (Hall A)
- ⑳ Demonstration diagram of Zhengzhou Central Culture Exchange Center and Convention Center
- ㉑ Demonstration diagram of Main Venue of Zhongguancun Forum Permanent Venue



## Management Discussion and Analysis (Continued)

**Table 4: Convention and exhibition venues and hotel projects under entrusted management of the Company as of the end of the Reporting Period**

No.	Location	Name
1	Beijing City	Beijing Jinhai Lake International Convention & Exhibition Center
2		Shougang Convention & Exhibition Center
3		Main Venue Project of Zhongguancun Forum Permanent Venue
4	Zhangjiakou City, Hebei Province	Chongli International Convention & Exhibition Center
5		V-Continent Chongli Garden-style Hotel
6		North Star V-Continent Zhangjiakou Crown Hotel
7		North Star V-Continent Wanquan Crown Hotel
8		North Star V-Continent Huai'an Garden-style Hotel
9	Shijiazhuang City, Hebei Province	Shijiazhuang International Convention & Exhibition Center
10	Xiong'an New District, Hebei Province	Xiong'an Convention & Exhibition Center
11		Xiong'an Convention Center Hotel
12	Langfang City, Hebei Province	North Star V-Continent Yongqing Crown Hotel
13		North Star V-Continent Yinfeng Crown Hotel
14	Zhuhai City, Guangdong Province	Zhuhai International Convention & Exhibition Center
15		North Star Zhuhai Jinye V-Continent Crown Hotel
16		Zhuhai V-Continent Athletes Apartment
17	Guangzhou City, Guangdong Province	Convention & Exhibition Project of Permanent Venue of International Finance Forum (IFF)
18	Huizhou City, Guangdong Province	North Star V-Continent Huidong Executive Apartment
19	Fuzhou City, Fujian Province	Fuzhou Digital China Convention & Exhibition Center
20	Lianyungang City, Jiangsu Province	Lianyungang Continental Bridge Convention Center
21		Ancillary hotels for Lianyungang Continental Bridge Convention Center



## Management Discussion and Analysis (Continued)

No.	Location	Name
22	Nanjing City, Jiangsu Province	Yangtze International Convention Center
23		Yangtze International Convention Center Hotel
24		Nanjing Biotech and Pharmaceutical Valley Business Center Project
25		V-Continent Nanjing Executive Apartment
26		Nanjing V-Continent Crown Hotel
27	Nantong City, Jiangsu Province	Nantong International Convention & Exhibition Center
28		Nantong V-Continent Crown Hotel
29	Taizhou City, Jiangsu Province	Taizhou China Medical City Exhibition Center
30	Guilin City, Guangxi Zhuang Autonomous Region	Guilin International Convention & Exhibition Center
31		Ancillary hotels for Guilin International Convention & Exhibition Center
32	Yinchuan City, Ningxia Hui Autonomous Region	Ningxia International Hall
33	Nyingchi City, Tibet Autonomous Region	V-Continent Nyingchi Hotel
34	Hangzhou City, Zhejiang Province	Hangzhou International Expo Center
35		Hangzhou International Expo Center North Star Hotel
36		Hangzhou Future Sci-Tech City Academic Exchange Center
37	Lishui City, Zhejiang Province	Lishui International Convention & Exhibition Center
38		Ancillary hotels for Lishui International Convention & Exhibition Center
39	Dezhou City, Shandong Province	Dezhou Tianqu Expo Plaza
40	Qingdao City, Shandong Province	Shanghe International Convention Center
41		Qingdao SCODA Pearl International Expo Center Complex (Hall A)

## Management Discussion and Analysis (Continued)

No.	Location	Name
42	Weihai City, Shandong Province	Weihai International Economic and Trade Exchange Center
43		Weihai Chengtou Beichen Hotel
44	Chengdu City, Sichuan Province	Conference Center of Chengdu Airport Industrial Service Zone Construction Project
45		Chengdu Airport Industrial Service Zone Construction Project Conference Center Hotel
46	Chongqing City	Chongqing BBMG V-Continent Crown Hotel
47		Chongqing BBMG V-Continent Crown Executive Apartment
48		Chongqing V-Continent China Communications City Crown Hotel
49	Wuhan City, Hubei Province	North Star V-Continent Wuhan China Communications City Crown Hotel
50	Changsha City, Hunan Province	North Star V-Continent Changsha China Communications International Center Crown Hotel
51	Zhengzhou City, Henan Province	Zhengzhou Central Culture District Culture Exchange Center and Convention Center
52		Ancillary hotels for Zhengzhou Central Culture District Culture Exchange Center and Convention Center
53	Tonghua City, Jilin Province	North Star V-Continent Tonghua Wanfeng Crown Hotel
54		Tonghua V-Continent Cancuang Crown Hotel
55	Yichun City, Jiangxi Province	North Star V-Continent Jiangxi Hongwei Crown Hotel

## Management Discussion and Analysis (Continued)

**Promoting industry development with continuous efforts.** The Company continued to foster the concentration of essential domestic and overseas convention and exhibition resources by setting up the Beijing Convention & Exhibition Vocational Innovation Development Center. It co-hosted the second International Events Economic Development Forum to facilitate international exchanges and collaboration within the industry, and published the “China Exhibition Index Report (2022)”.

### (2) Commercial Properties

**Improving operation with a multi-pronged approach.** Staying committed to the market-oriented approach, the Company strengthened its efforts in analysis, judgment and marketing to make flexible adjustments to its operating strategies for promotion of contract-signing with major clients, thereby effectively increasing its operating income. The Company has also established a sound performance appraisal system, pursuant to which it conducted appraisals at different grades and levels, which has stimulated operating vitality and promoted the improvement of its market-oriented operational standards. Moreover, the Company completed the renovation of the North Star New Space Urban Renewal Project. Positioned as a project “inheriting the memory of the times, catering to the needs of the people, and innovating the ways of life”, it has led to the sublease by well-known catering enterprises and leading technology enterprises.



②② Demonstration diagram of North Star New Space

**Continuing the optimization of professional management.** Beijing North Star Yue Property Service Company Limited (北京北辰悦物業服務有限公司) was established and a professional property management team was formed. Through such efforts, the Company has introduced talents for market-oriented property management and created North Star’s own high-end and quality property service brand, thereby promoting the professional management of the property services of the Company’s own assets, and realizing the enhancement of asset value.



## Management Discussion and Analysis (Continued)

**Table 5: Leasing of real estate during the Reporting Period**

Unit: 0'000 Currency: RMB

No.	Location	Project	Mode of operation	Construction area of the leased real estate (square meter)	Rental income of the leased real estate	Equity proportion (%)
1	No. 7 Tian Chen Dong Road, Chao Yang District, Beijing	China National Convention Center	Convention and exhibition	270,800	56,886	100
2	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Beijing International Convention Center	Convention and exhibition	58,000	9,996	100
3	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Bin Plaza	Office building	37,800	6,122	100
4	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Xin Plaza	Office building	40,900	5,449	100
5	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	North Star Times Tower	Office building	131,300	14,892	100
6	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	North Star Century Center	Office building	149,800	14,934	100
7	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Zhen Building Property	Office building	8,400	1,881	100
8	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Beijing Continental Grand Hotel	Hotel	42,000	12,869	100
9	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	National Convention Centre Hotel	Hotel	42,900	8,654	100
10	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	V-Continent Beijing Parkview Wuzhou Hotel	Hotel	60,200	15,915	100
11	No. 8 Bei Chen Xi Road, Chao Yang District, Beijing	Intercontinental Beijing Beichen Hotel	Hotel	60,000	15,535	100
12	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Intercontinental Changsha	Hotel	79,200	18,141	100
13	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	Hui Yuan Apartment	Apartment	184,300	26,814	100
14	A13 Beiyuan Road, Chao Yang District, Beijing	B5 Commercial Area of North Star Green Garden	Commercial	49,700	3,408	100
15	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Changsha North Star Delta Joy City	Commercial	100,000	10,538	100
16	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Changsha North Star International Convention Centre	Convention and exhibition	39,100	5,149	100
17	No. 1500, Xiang Jiang Bei Road, Kaifu District, Changsha, Hunan Province	Changsha North Star International Hotel	Hotel	62,500	9,703	100
18	No. 9, Gaoxin 2nd Road, Hongshan District, Wuhan City, Hubei Province	Wuhan Guangguli	Commercial	29,600	3,037	51

## Management Discussion and Analysis (Continued)

### Notes:

1. The B5 Commercial Area of North Star Green Garden has been leased to Beijing Shopin Retail Development Co., Ltd. (北京市上品商業發展有限責任公司) since August 2016;
2. Construction area of the leased real estate represents the total construction area of the project;
3. The rental income of the leased real estate is the operating income of the project;
4. Construction area and operating income of North Star Times Tower have included the construction area and operating income of the Xincheli Shopping Centre commercial project;
5. The above-mentioned property items 2, 3, 7, 8, 10 and 13 are erected on land leased from Beijing North Star Industrial Group Limited Liabilities Company.

### 3. Financing

By optimizing the financing structure and expanding financing channels on an ongoing basis, the Company gained access to sufficient and stable fundings via multiple means, thereby guaranteeing the security and stability of its capital chain. It also continued to strengthen cash management and control, increase capital utilization efficiency and enhance debt management and control, so as to ensure that the asset-liability ratio is maintained at a reasonable level.

**Table 6: Financing of the Company during the Reporting Period**

*Unit: 0'000 Currency: RMB*

<b>Total financing amount as at the end of the period</b>	<b>Overall average financing cost (%)</b>	<b>Interest capitalised</b>
2,402,526	4.40	51,187

## Management Discussion and Analysis (Continued)

### V. MAJOR BUSINESS CONDITIONS DURING THE REPORTING PERIOD

In 2023, the Company recorded an operating revenue of RMB15,751,478,000, representing a year-on-year increase of 21.27%. The Company's profit before tax and profit attributable to ordinary shareholders amounted to RMB1,076,351,000 and RMB140,407,000, realizing a turnaround from loss to profit. The after-tax core operating results of the Company's principal activities (excluding losses arising from the changes in fair value) were RMB268,846,000, representing a year-on-year increase of 120.17%.

In particular, the real estate development segment was affected by the increase in settlement area with operating income amounting to RMB12,904,732,000 (including parking spaces) during the Reporting Period, representing an increase of 17.70% on a year-on-year basis, while the profit before tax amounted to RMB588,578,000, realizing a turnaround from loss to profit and representing an increase of RMB1,196,727,000 year-on-year. During the Reporting Period, operating income from the convention and exhibition (including hotels) and commercial properties segment reached RMB2,649,089,000, representing a year-on-year increase of 40.78%, while the profit before tax amounted to RMB469,559,000, realizing a turnaround from loss to profit and representing an increase of RMB565,038,000 year-on-year. The loss (before taxation) on changes in fair value of investment properties during the Reporting Period was RMB180,599,000. Profits per share were RMB0.0417.

### VI. THE COMPANY'S DISCUSSION AND ANALYSIS OF FUTURE DEVELOPMENT OF THE COMPANY

#### (I) Industry Landscape and Trend

In 2024, 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 and make efforts to promote high-quality development. In addition, the government will step up the counter-cyclical and cross-cyclical macro control policies, coordinate measures to boost domestic demand and deepen the supply-side structural reform to effectively enhance economic vitality, prevent and resolve risks and improve social expectations. All these efforts are geared towards underpinning and consolidating the trend of economic recovery and growth, as well as continuously driving the effective improvement of quality and reasonable growth of quantity in the economy.

For the real estate development business, China will adjust and optimize the real estate policies in a timely manner to adapt to the new situation arising out of the major changes in the demand-supply relationship in the real estate market. The policy toolkit will be well utilized with city-specific policies to better meet residents' essential housing demand as well as demand for improved homes and advance the steady and healthy development of the real estate market.



## Management Discussion and Analysis (Continued)

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 the 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 integrates online and offline businesses. The Implementation Plan of Cultivating and Establishing Beijing as an International Consumption Center (2021-2025) (《北京培育建設國際消費中心城市實施方案(2021 – 2025 年)》) was released, which proposed to expedite the development of Beijing as an international consumption center during the 14th Five-Year period. 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 convention and exhibition, hotels, office buildings and commercial properties businesses will have more room and opportunities for development.

### (II) Development Strategy of the Company

Maintaining a firm confidence in its development, the Company will coordinate high-quality development with high-level security and render full support for establishing Beijing, the capital, as an international exchange center and an international consumption center. It will also propel the digital transformation of industries and accelerate the development of a new industry pattern featuring mutual support, complementary advantages and coordinated development, in a bid to push forward the high-quality development of the Company.

#### 1. Real Estate Development

The Company will continue to strengthen the overall planning by adhering to the principle of preventing risks while ensuring safety to stabilize the fundamentals for high-quality development. While increasing its efforts in analysis and research with a close eye on changes in the industry and market conditions, the Company will take active actions and leverage its own certainty to cope with the uncertainties arising from changes in the external environment and ensure stability throughout industry cycles. Besides, the Company will optimize its product supply in response to market demand with a focus on enhancing the core competitiveness of its products and establishing a real estate brand with its own characteristics. Furthermore, the Company will enhance the operation and management standards. It will improve the compliance and internal control system and strengthen the risk management and control over all processes. Quality inspection will be strengthened and safety responsibilities will be implemented to ensure the smooth delivery of projects on time, and more efforts will be devoted to the collection of sales proceeds to ensure the virtuous cycle of income and expenditure. The Company will optimize the assets held to enhance the value of the assets, and will carry out research on high-quality land parcels and maintain reasonable control over the scale of its land reserve. The Company will innovate the development models and deepen the study on the investment standards of “Convention and Exhibition + Property” projects as well as the implementation of the corresponding supporting measures, aiming to continuously promote industrial transformation and upgrade with a focus on the urban development of Beijing into an international consumption center.

## Management Discussion and Analysis (Continued)

### 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’s industries, and take the lead in the development of the convention and exhibition industry, striving to develop an international first-class convention and exhibition brand. Meanwhile, it will propel the creation of new momentum for high-quality development of convention and exhibition, and drive the synergistic development of hotels, office buildings, apartments, integrated commercial and other businesses, with an aim to build a competitive commercial property management brand in the industry.

In respect of the convention and exhibition business segment, the Company will firmly press on with the implementation of its strategies. Adhering to the goal of developing an international first-class convention and exhibition brand, the Company will actively promote the digital transformation of the industry and the construction of smart venues, so as to further enhance the momentum of development of the convention and exhibition industry. In addition, the Company will accelerate the development of layout of the whole industry chain. In tandem with the expansion of the upstream convention and exhibition business in multiple fields through diversified channels, it will vigorously introduce international exhibitions to increase the quantity and scale of such exhibitions with improved quality, striving to enhance its initiative across the industry chain. Meanwhile, it will also strengthen the standardization of venue management to further improve the management quality and consolidate its advantages of management, with an objective of building up the brand characteristics and management standards of its hotels and hence increasing the number and scale of hotels under entrusted management on a continuous basis. The Company will promote the research and consultancy business of convention and exhibition through innovation with a focus on building a professional think tank for the industry. Furthermore, the Company will continue to optimize the group management model. It will improve the market-oriented operation mechanism to give better play to the functions of Capital Convention in terms of management, resources and business coordination, thereby promoting the enhancement of efficacy, efficiency and effectiveness. The Company will strive to optimize and strengthen the existing business, and endeavor to expand the incremental business with a view to creating greater value and realizing more output value.

## Management Discussion and Analysis (Continued)

In respect of the commercial properties segment, taking Beijing North Star Commercial Management Co., Ltd. (北京北辰商業管理有限公司) (“**North Star Commercial Management**”) as the platform, the Company aspires to establish itself as a leading domestic brand and enterprise for the operation and management of public building and industrial parks-related assets with a focus on the business of offices, apartments and business parks. It will also deeply explore the value of the special assets, including hotels, industrial parks and cultural parks, and continue to consolidate resources allocation, scientifically optimize the management structure, improve and innovate the management models, and strengthen its efforts in building a professional team. Moreover, while increasing the occupancy rate of the office buildings, the Company will accelerate the development of alliances for cooperation to jointly promote development and cooperation. It will optimize and extend the product lines of hotel and apartments, with a view to creating professional, differentiated and specialized products, and enhancing the service quality. Proactive efforts will be made in the research and planning of transformation plans to promote the upgrade of quality of the business parks, and stimulate development potentials of the region. In addition to exploring the expansion of new businesses and pushing forward the construction of smart parks, the Company will nurture its own property management team and promote the growth of the property management company in terms of both scale and strength, thereby gradually realizing centralized and independent management of assets and properties held by Capital Convention and Beijing North Star Real Estate Group Co. Limited by such means as brand export, entrusted management, light asset operation. These efforts will also contribute to the building of a property management system with North Star’s characteristics, setting up a new benchmark for the commercial property management market in the Asian-Olympic district in Beijing, and promoting the group-based operation of the Company with professional management and diversified development.

### 3. *Financing and Capital Expenditure*

Taking into account the market and industry policy changes, the Company will, with a focus on capital arrangement, step up its efforts in capital planning. It will make full use of the “headquarters financing” model to expand its financing channels, while at the same time strengthening its management and control over liabilities and enhancing the operational efficiency. The Company will reduce its expenses and pay attention to the quality of collection of sales proceeds, strengthen cash flow management, improve the Company’s overall risk resistance and operational resilience and increase the margin of safety of funds, thereby ensuring the stability of the capital chain.

In 2024, the Company’s estimated fixed asset investment is RMB240 million, the payment of which will be made according to the construction progress while the source of which will be internal funds.



## Management Discussion and Analysis (Continued)

### (III) Scheme of Operations

In 2024, it is estimated that the area for new and resumed construction will be 1,795,400 square meters and the completed area will be 676,400 square meters. Overcoming the impact of the regulation policy on the real estate industry, in 2024, the Company will strive to achieve sales of 790,900 square meters with contracts signed (including parking spaces) amounting to RMB10.700 billion.

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

### (IV) Potential Risks Faced

#### 1. *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 will continue to adhere to the keynote of “housing for living instead of speculation”. The subsequent regulatory policies and credit environment may be subject to further adjustment, which may bring certain risks to real estate enterprises in terms of land acquisition, project development and construction, sales and financing.

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

#### 2. *Market Risk*

The differentiation in the 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 large proportion of land costs and the difficulty in increasing selling price poses certain risks on enterprises in finance and capital position as well as operational stability.

In response to the aforesaid risks, the Company will pay close attention to the development trend of the market, 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 maintain 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.

## Management Discussion and Analysis (Continued)

### 3. *Risks of Talent Reserve*

As the Company has established North Star Commercial Management 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 will proactively develop a work pattern of “Great Talent” with a focus on the urgently needed talents for high-quality corporate development. It will strengthen the overall planning for the sources of talent introduction and continue to attract and gather talents through a variety of channels and means, such as the launch of the “Excellence Training Programme”, school-enterprise cooperation and market-oriented selection of professional managers. While continuously refining and improving the system and mechanism that are conducive to the growth of young cadres and talents, the Company will step up its efforts in nurturing a pool of young cadres and talents, and enhance the targeted education and training as well as purposeful practical exercises based on the development needs of various sectors and industries, including the convention and exhibition industry, real estate industry and commercial property sector. In addition, consistent efforts will be devoted to boosting the professional competence of dedicated talents in each business line and the integrated management capability of composite cadres in various segments, in an endeavor to build a high-quality and professional cadre talent team.

## 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 C1 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 seven directors currently serve on the Board, including the chairman, three executive directors and three independent non-executive directors.

In accordance with the requirements of the Listing Rules, independent non-executive directors must be confirmed 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 to be independent of the Company. There is no financial, business, family or other material/related relationship existing among the directors.

In 2023, in order to ensure the directors being fully informed and accommodated with 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 studied the laws, regulations and documents issued by regulatory authorities in a timely manner.

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 2023:

<b>Name of Directors</b>	<b>Reading regulatory updates/attending training provided by regulatory authorities</b>	<b>Attending internal training sessions/seminars relevant to the business of the Company/directors’ duties</b>
Mr. LI Wei-Dong	✓	✓
Ms. LI Yun (resigned on 6 December 2023)	✓	✓
Mr. YANG Hua-Sen	✓	✓
Ms. ZHANG Wen-Lei	✓	✓
Mr. GUO Chuan (resigned on 29 January 2024)	✓	✓
Dr. CHOW Wing-Kin, Anthony	✓	✓
Mr. GAN Pei-Zhong	✓	✓
Mr. CHEN De-Qiu	✓	✓
Ms. LIANG Jie (appointed on 13 March 2024)	N/A	N/A



## Report on Corporate Governance (Continued)

The terms of the independent non-executive directors of the Company have not exceeded the length limitation as stipulated by 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 30 times in total during 2023.

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:

<b>Directors</b>	<b>No. of meetings attended in person/ No. of meetings held</b>	<b>No. of meetings attended by proxy (Note)/ No. of meetings held</b>
<i>Executive directors</i>		
Mr. LI Wei-Dong	30/30	0/30
Ms. LI Yun (resigned on 6 December 2023)	26/27	1/27
Mr. YANG Hua-Sen	29/30	1/30
Ms. ZHANG Wen-Lei	29/30	1/30
Mr. GUO Chuan (resigned on 29 January 2024)	30/30	0/30
Ms. LIANG Jie (appointed on 13 March 2024)	N/A	N/A
<i>Independent non-executive directors</i>		
Dr. CHOW Wing-Kin, Anthony	30/30	0/30
Mr. GAN Pei-Zhong	30/30	0/30
Mr. CHEN De-Qiu	29/30	1/30

*Note:* Pursuant to Article 148 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 re-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 a vacancy in the Board, recommended candidates should be referred to shareholders' general meeting for consideration and 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 2023, 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 throughout 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 (resigned on 6 December 2023), Ms. LIANG Jie (appointed on 6 February 2024), 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's business, as well as the formulation and implementation of Company's 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 the financial statements and to report the state of affairs of the Company in a true and fair manner.

The statement issued by the auditor on its reporting responsibilities is set out in the Independent Auditor's Report on pages 64 to 71 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, these 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 compliance with laws and regulations; 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 2023, 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 the relevant 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 2023.

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 4 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 2022 of the Company, and the review results of the external auditors on the interim report for the year of 2023 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:

<b>Members</b>	<b>No. of meetings attended/ No. of meetings held</b>
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 of due diligence. During the Reporting Period, the remuneration and evaluation committee of the Board of the Company held 1 meeting to carefully consider the operating results appraisal and remuneration approval plan for the Company's deputy managers with a view to enhancing corporate efficiency, and recommended earnest implementation of the plan, so as to maximize the incentive effect of remuneration to enhance the competitiveness of the Company.

For the year ended 31 December 2023, the remuneration of the members of the senior management by band is set out below:

<b>Remuneration band (RMB)</b>	<b>Number of persons</b>
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 D2 of the Listing Rules are set out in notes 26, 35(viii) and 37 to the financial statements.

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

<b>Members</b>	<b>No. of meetings attended/ No. of meetings held</b>
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 the 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 (resigned on 6 December 2023), Ms. LIANG Jie (appointed on 14 March 2024), 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 factors such as gender, age, culture, race, educational background, professional qualifications, knowledge and expertise, skills, 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 2023, the male-to-female ratio of the Board members of the Company was 3:1, while the male-to-female ratio of the employees was 1:1, achieving gender diversity in the Board and among all the staff members.

The nomination committee of the Board of the Company is responsible for reviewing the application of the principle of diversified selection in nomination of directors, assisting and maintaining the diversified visions and various educational backgrounds and professional knowledge, which include an in-depth understanding of the real estate industry, property development, hotel and convention and exhibition operation and management, and the professional qualifications in the fields of law and accounting. Directors have years of experience in their respective professional fields. Whatever backgrounds or experiences the directors have, they all share the common goal of driving the industry forward 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 is up-to-date.

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 the performance of the duties under the above items 1 to 7, consider the relevant 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 for Meetings of the Nomination Committee of the Company, during the Reporting Period, the nomination committee of the Board of the Company held 1 meeting, at which, it reviewed and made recommendations on the candidates for 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:

<b>Members</b>	<b>No. of meetings attended/ No. of meetings held</b>
Mr. GAN Pei-Zhong	1/1
Mr. LI Wei-Dong	1/1
Ms. LI Yun (resigned on 6 December 2023)	1/1
Dr. CHOW Wing-Kin, Anthony	1/1
Mr. CHEN De-Qiu	1/1
Ms. LIANG Jie (appointed on 14 March 2024)	N/A

### 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 (resigned on 6 December 2023), Ms. LIANG Jie (appointed on 14 March 2024), 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 for Meetings of the Strategic Committee of the Company, during the Reporting Period, the strategic committee of the Board of the Company held 1 meeting, at which, the members of the strategic committee earnestly performed their duties under the principle of due diligence and considered the proposal on the establishment of a property service company by the Company's subsidiary in view of 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:

<b>Members</b>	<b>No. of meetings attended/ No. of meetings held</b>
Mr. LI Wei-Dong	1/1
Ms. LI Yun (resigned on 6 December 2023)	1/1
Dr. CHOW Wing-Kin, Anthony	1/1
Mr. GAN Pei-Zhong	1/1
Mr. CHEN De-Qiu	1/1
Ms. LIANG Jie (appointed on 14 March 2024)	N/A

### 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 (resigned on 29 January 2024), Ms. LIANG Jie (appointed on 14 March 2024), 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 for Meetings of the Legal Compliance Committee of Beijing North Star Company Limited”, the legal compliance committee of the Company earnestly performed their duties based on the principle of diligence and conscientiousness, and convened 1 meeting during the Reporting Period to listen to the Company’s lawsuit plans regarding the dispute on the construction contract of the real estate project company, and provided recommendations on the rule of law development of the Company.

<b>Members</b>	<b>No. of meetings attended/ No. of meetings held</b>
Mr. LI Wei-Dong	1/1
Mr. GUO Chuan (resigned on 29 January 2024)	1/1
Dr. CHOW Wing-Kin, Anthony	1/1
Mr. GAN Pei-Zhong	1/1
Mr. CHEN De-Qiu	1/1
Ms. LIANG Jie (appointed on 14 March 2024)	N/A

## Report on Corporate Governance (Continued)

### SUPERVISORY COMMITTEE

The supervisory committee of the current session of the Company now comprises three supervisors, with one shareholder representative supervisor and two employee representative supervisors. During 2023, the supervisory committee is chaired by Ms. LI Xue-Mei (resigned on 11 January 2024) and the other members are Mr. MO Fei (resigned on 13 March 2024), Ms. DU Yan, Mr. TIAN Zhen-Hua and Ms. LV Yi-Hong.

During 2023, the supervisory committee of the Company exercised its supervisory 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 work, please refer to Report of the Supervisory Committee in this annual report.

The supervisory committee held 4 meetings in 2023.

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

<b>Supervisors</b>	<b>No. of meetings attended/ No. of meetings held</b>
Ms. LI Xue-Mei (resigned on 11 January 2024)	4/4
Mr. MO Fei (resigned on 13 March 2024)	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, and they shall be eligible for re-election upon expiry of the term.

### 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 on the PRC activities.

Mr. GUO Chuan resigned as the secretary to the Board of the Company (including company secretary on activities in the PRC) on 29 January 2024. On 30 January 2024, the Board appointed Mr. HU Hao, the deputy general manager, financial controller and representative for securities affairs of the Company, to perform the corresponding duties during the absence of the secretary to the Board, until such date a new secretary to the Board has been appointed by the Board.

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

## Report on Corporate Governance (Continued)

### 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 of its audit work or its image of independence. The fees paid to the Company's auditor, PricewaterhouseCoopers, for the year of 2023 were 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.

### 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 of the Board of the Company.

The Board has the ultimate responsibility in overseeing the operation of 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 businesses, attending their board meetings to oversee the operation of such companies. The management in each business area shall be 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 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 2023, 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 other internal control regulatory requirements, 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 oversee the Group's risk management and internal control systems on an ongoing basis, and 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 review the effectiveness of risk management and internal control at least once annually and report to the Board after being considered by the audit committee. As of 31 December 2023, the Board was of the view that the Company's risk management and internal control were effective and adequate during the Reporting Period, and no significant events which may affect the shareholders were identified.

## Report on Corporate Governance (Continued)

Besides, the Board has conducted review of the effectiveness of the risk management and internal control system of the Company and its subsidiaries for the year of 2023 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 the relevant 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 an anti-corruption policy to regulate the acceptance of benefits by the employees, while a whistleblowing policy has also been adopted in order to provide guidance for reporting any possible or actual misconduct in relation to the Group by the employees and related external stakeholders.

### 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 in accordance with the standards of truthfulness, accuracy, completeness, timeliness, fairness and effectiveness. 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 strengthening the identification and evaluation of inside information.

During the Reporting Period, there was no leakage 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, nor was the Company subject to the investigation or sanctions of the regulatory authorities.

### 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 facilitate 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.



## Report on Corporate Governance (Continued)

### INVESTOR RELATIONS AND SHAREHOLDER'S INTEREST

The Board of the Company has formulated the shareholders' communication policy 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 versions of corporate communications; (ii) the provision of company information on the Company's website in a timely manner; (iii) the holding of 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 for results presentations for people from the investment industry in order to promote investor relations and two-way communication. Through the investor relations manager, the Company also responds to information requests and inquiries of people from the investment industry.

At shareholders' general meetings, the Company will explain the detailed procedures for voting by poll to the shareholders and answer any questions of shareholders thereon. The website of the Company also publishes periodically updated financial and other information of the Company for the inspection of shareholders 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 has continuously and effectively enhanced the timely, transparent, accurate and open communication between the Company and the shareholders.

### SHAREHOLDERS' GENERAL MEETINGS

In 2023, the Company held one shareholders' general meeting, being the 2022 annual general meeting.

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

Directors	Annual general meeting	Attendance rate
<i>Executive directors</i>		
Mr. LI Wei-Dong	1/1	100%
Ms. LI Yun (resigned on 6 December 2023)	0/1	0
Mr. YANG Hua-Sen	0/1	0
Ms. ZHANG Wen-Lei	0/1	0
Mr. GUO Chuan (resigned on 29 January 2024)	0/1	0
Ms. LIANG Jie (appointed on 13 March 2024)	N/A	N/A
<i>Independent non-executive directors</i>		
Dr. CHOW Wing-Kin, Anthony	1/1	100%
Mr. GAN Pei-Zhong	1/1	100%
Mr. CHEN De-Qiu	0/1	0

## Report on Corporate Governance (Continued)

### CONSTITUTION

In 2023, the Company made amendments to the Articles of Association in accordance with the requirements under the “Guidelines on the Articles of Association of Listed Companies” (revised in 2022) of the China Securities Regulatory Commission, (the “CSRC”) the “Rules of General Meetings of Listed Companies” (revised in 2022) of the CSRC, the “Code of Governance for Listed Companies” of the CSRC (CSRC Announcement [2018] No. 29), the “Guidelines for Self-Regulation of Listed Companies on the Shanghai Stock Exchange No. 1 – Regulation of Operations” and other relevant documents, and in order to maintain consistency with the Core Shareholder Protection Standards as set out in Appendix A1 to the Listing Rules, and taking into account the actual situation of the Company. The above amendments to the Articles of Association were considered and approved at the 2022 annual general meeting.

### RIGHTS OF SHAREHOLDERS

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

Pursuant to Article 96 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 96 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. Such written requisition shall state the matters to be discussed at the meeting and shall be signed by the shareholders concerned and submitted to the work department of the Board of the Company.

Requirements under Article 96 of the Articles of Association are set out in the Articles of Association of the Company.

### PUTTING FORWARD PROPOSALS TO THE GENERAL MEETINGS

According to Article 71 of the Articles of Association, 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 proposals after the notice of the shareholders’ meeting has been served.

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

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

The contact details of the convener can be obtained by contacting the work department of the Board.

## Report on Corporate Governance (Continued)

### 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 194 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 2024, 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 feedback from shareholders, so as to ensure the stable and healthy growth of the Company while enhancing shareholders' value.

By Order of the Board  
**LI Wei-Dong**  
*Chairman*

Beijing, the PRC, 21 March 2024

## Profile of Directors, Supervisors and Senior Management

### CHAIRMAN

**LI Wei-Dong**, aged 55, is the chairman, an executive director, member of the nomination committee and chairman of the strategic committee and legal compliance committee of the Company. Mr. LI 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, and was re-elected as an executive director and chairman of the Company in May 2021. Mr. LI possesses extensive experience in real estate development and property management.

### EXECUTIVE DIRECTORS

**LIANG Jie**, aged 54, is an executive director, general manager, member of the nomination committee, the strategic committee and the legal compliance committee of the Company. Ms. LIANG successively graduated from China University of Political Science and Law and Tsinghua University with a bachelor's degree in law and a postgraduate degree in business administration. Ms. LIANG served as the director-general of the Investment Promotion Agency under the Beijing Municipal Administrative Commission of Zhongguancun Science Park (Haidian Park) (Haidian Investment Promotion Agency) (北京市中關村科技園區海淀園管理委員會投資促進處(海淀區投資促進局)), the executive deputy director of the Administrative Commission of Zhongguancun Science Park (Haidian Park) (中關村科技園區海淀園管理委員會), the deputy secretary of the Working Committee of Zhongguancun Science Park (Haidian Park) (中關村科技園區海淀園工作委員會), the director of the Haidian District Science & Technology Commission (海淀區科學技術委員會), and the deputy director, secretary of the Party group and director of the Haidian District Commission of Development and Reform (海淀區發展和改革委員會). From September 2016 to January 2024, Ms. LIANG successively served as deputy general manager of Shougang Corp (首鋼總公司), and the deputy general manager, general legal counsel and chief compliance officer of Shougang Group Co., Ltd. (首鋼集團有限公司). Ms. LIANG has served as the general manager of the Company and a director of BNSIGC (北辰集團), the controlling shareholder of the Company, since February 2024 and was elected in March 2024 as an executive director and general manager of the Company. Ms. LIANG possesses extensive experience in corporate operation and management, legal and compliance as well as risk prevention and control.

**YANG Hua-Sen**, aged 50, 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.



## Profile of Directors, Supervisors and Senior Management (Continued)

**ZHANG Wen-Lei**, aged 56, 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, 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. Ms. ZHANG has extensive experience in construction engineering, tendering, works pricing and works supervision.

**GUO Chuan**, aged 55, is an executive director, a deputy general manager, the secretary to the Board, the chief legal advisor and a member of the legal compliance committee 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. He was re-elected as an executive director of the Company in May 2021 and resigned on 29 January 2024. Mr. GUO has extensive experience in corporate governance, legal affairs, corporate branding management.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**CHOW Wing-Kin, Anthony**, aged 73, is an independent non-executive director, member of the audit committee, the nomination committee, the remuneration and evaluation committee, the strategic committee and the legal compliance committee of the Company. Dr. CHOW is a qualified 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 the 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, an arbitrator of the South China International Economic and Trade Arbitration Commission (Shenzhen International Arbitration Court), the vice-chairman of the Council of the Hong Kong Academy for Performing Arts, member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority, member of its Governance Sub-Committee and Investment Sub-Committee, and Member of the Advisory Body on Part 10A of the Arbitration Ordinance (Cap. 609 of the Laws of Hong Kong). 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.

Dr. CHOW currently serves as an independent non-executive director of S.F. Holdings Co., Ltd., a company listed on the Shenzhen Stock Exchange (Stock Code: 002352) and Ping An Healthcare and Technology Company Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 01833) and also served as a non-executive director of Kingmaker Footwear Holdings Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 01170) and an independent director of OneConnect Financial Technology Co., Ltd, a company listed on the New York Stock Exchange (NYSE Stock Ticker: OCFT) and the Hong Kong Stock Exchange (Stock Code: 06638). Dr. CHOW ceased to act as independent non-executive director of MTR Corporation Limited, a company listed on the Hong Kong Stock Exchange (Stock Code: 00066) with effect from 25 May 2022. Dr. CHOW was elected as an independent non-executive director of the Company in May 2021.

## Profile of Directors, Supervisors and Senior Management (Continued)

**GAN Pei-Zhong**, aged 67, is an independent non-executive director, member of the audit committee, the strategic committee and the legal compliance committee, and chairman of the nomination committee and the remuneration and evaluation committee 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. He is a legal counsel to the People's Government of Liaoning Province. 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 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 Jinhui Wine Co., Ltd. (金徽酒股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 603919), and ceased to act as independent non-executive director of Beijing Thunisoft Corporation Limited, a company listed on the Shenzhen Stock Exchange (Stock Code: 300271) and Suzhou Douson Drilling & Production Equipment Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 603800) in 2021 and 2022 respectively.

**CHEN De-Qiu**, aged 42, is an independent non-executive director, chairman of the audit committee and member of the nomination committee, the remuneration and evaluation committee, the strategic committee and the legal compliance committee 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 55, 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 and resigned on 11 January 2024. Ms. LI has extensive experience in corporate governance and strategic planning and management.

## Profile of Directors, Supervisors and Senior Management (Continued)

### SUPERVISORS

**DU Yan**, aged 47, 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 was elected in May 2021 as a supervisor of the Company. Ms. DU has extensive experience in accounting practice and financial management.

**TIAN Zhen-Hua**, aged 43, is an employee representative supervisor 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 the vice head of the audit department of the Company. He currently serves as the chief accountant of Capital Convention (Group) Co., Ltd.. Mr. TIAN was re-elected as an employee representative supervisor of the Company in March 2021. Mr. TIAN has extensive experience in corporate financial management and corporate audit.

**LV Yi-Hong**, aged 52, is an employee representative supervisor 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 the 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, vice chairman of the labour union of the Company, and is currently the general manager of Beijing International Convention Centre. Ms. LV was elected as an employee representative supervisor 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 59, is a deputy general manager of the Company. Mr. DU 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 45, 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 shareholder representative supervisor of the Company. He has served as the deputy general manager of the Company since January 2021 and was appointed by the Board of the Company in January 2024 to perform the corresponding duties during the absence of the secretary to the Board until such date a new secretary to the Board has been appointed by the Board. Mr. HU has extensive experience in real estate development, corporate capital operation and operation control.

**KONG Lei**, aged 52, 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 56, 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 (北辰洲際酒店), the deputy general manager of China National Convention Center (國家會議中心), the general manager of Beijing North Star Convention Group Co., Limited (北京北辰會展集團有限公司) and an assistant to general manager of the Company. He has served as the deputy general manager of the Company since February 2023. Mr. WEI has extensive experience in convention, exhibition and hotel and tourism management.

**MO Fei**, aged 53, is the chief legal advisor of the Company. Mr. MO graduated from Southwest University of Political Science and 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 and a shareholder representative supervisor of the Company, and the deputy general manager of Beijing North Star Exhibition Investment Co., Ltd.. He has served as the chief legal advisor of the Company since March 2024. Mr. MO has extensive experience in corporate legal affairs regulation.

### COMPANY SECRETARY

**LEE Ka Sze, Carmelo**, aged 63, 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 that the Company is 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 the Report of the Directors together with the audited financial reports of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2023.

### 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 2023 are discussed in the section “Chairman’s Report” on pages 4 to 5 and the section “Management Discussion and Analysis” on pages 6 to 31 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 performance of the Group for the year ended 31 December 2023 is set out in the separately published “2023 Corporate Social Responsibility and 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 has facilitated the Company to operate in a regulated way and is conducive to protecting the interests of the shareholders and other stakeholders.

#### 5. Key relationships

The explanation on the key relationships between the Company and its employees, customers and 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 2023 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 31 of this annual report.

## Report of the Directors (Continued)

### RESULTS

The results of the Group for the year ended 31 December 2023 and the financial positions of the Group and the Company as at 31 December 2023 prepared in accordance with HKFRS are set out on pages 72 to 191 of this annual report.

### DIVIDEND

The Board recommends the payment of a final dividend of RMB0.02 per share for the year ended 31 December 2023, totaling RMB67,340,400.

### 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 RMB127,145,700, accounting for approximately 0.81% 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 RMB1,524,284,900, accounting for approximately 36.75% of the total purchases for the year. Purchases from the largest supplier of the Group accounted for approximately 22.29% of the total purchases of the Group. Among the purchases from the top five suppliers, purchases from related parties was RMB1,275,587,300, accounting for 30.75% 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 in 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 of the Company determined in accordance with HKFRSs.

Distributable reserves of the Company as at 31 December 2023 amounted to RMB2,460,403,778 (2022: RMB2,083,485,234).

## Report of the Directors (Continued)

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### 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 loans of up to RMB1 billion 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>
LIANG Jie (appointed on 13 March 2024)	<i>Director</i>
LI Yun (resigned on 6 December 2023)	<i>Director</i>
YANG Hua-Sen	<i>Director</i>
ZHANG Wen-Lei	<i>Director</i>
GUO Chuan (resigned on 29 January 2024)	<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 (resigned on 11 January 2024)	<i>Chairman of the Supervisory Committee</i>
MO Fei (resigned on 13 March 2024)	<i>Supervisor</i>
DU Yan	<i>Supervisor</i>
TIAN Zhen-Hua	<i>Supervisor</i>
LV Yi-Hong	<i>Supervisor</i>

### Senior Management

LIANG Jie (appointed on 6 February 2024)	<i>General Manager</i>
LI Yun (resigned on 6 December 2023)	<i>General Manager</i>
ZHANG Wen-Lei	<i>Deputy General Manager</i>
GUO Chuan (resigned on 29 January 2024)	<i>Deputy General Manager, Company Secretary, Chief Legal Advisor</i>
DU Jing-Ming	<i>Deputy General Manager</i>
HU Hao	<i>Deputy General Manager</i>
KONG Lei	<i>Deputy General Manager</i>
WEI Ming-Qian	<i>Deputy General Manager</i>
MO Fei (appointed on 14 March 2024)	<i>Chief Legal Advisor</i>
LEE Ka Sze, Carmelo	<i>Company Secretary – served as a representative of external service provider</i>

The biographical details of directors, supervisors and senior management are set out on pages 46 to 50 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).

In compliance with rule 3.09D of the revised Listing Rules which took effect on 31 December 2023, Ms. LIANG Jie has obtained the legal advice referred to in rule 3.09D of the Listing Rules on 6 March 2024 and has confirmed that she understood her obligations as a director.

### 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 year end was the Company 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 35(viii) and 37 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 contracts entered into in respect of the connected transaction 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 2023, 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 of the Company or their related entities 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 2023 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 2023, 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 do not include 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 2023.

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

As at 31 December 2023, 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: 130,819 holders

Shareholdings of top ten shareholders of the Company as at 31 December 2023

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	690,640,699	20.512
Wangfujing Group Co., Ltd. (王府井集團股份有限公司)	A share	125,300,000	3.721
REN Lei (任磊)	A share	24,500,000	0.728
Zhong Hang Xin Gang Guarantee Co., Ltd. (中航鑫港擔保有限公司)	A share	18,000,000	0.535
Hong Kong Securities Clearing Company Limited	A share	15,667,798	0.465
TAO Xuezhi (陶學知)	A share	13,956,200	0.414
ZHANG Jun (張俊)	A share	12,521,886	0.372
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	12,349,195	0.367
SHAO Yuqing (邵宇清)	A share	11,000,000	0.327

*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 2023, 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 26 to the consolidated financial statements.

### EMPLOYEES

As at 31 December 2023, the Company had 5,290 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 with 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 field trips.

### CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The related party transactions (other than the transactions specifically stated below), the details of which are set out in notes 35 and 38.18 to the consolidated financial statements, are not discloseable "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 2023.

#### (1) Licensed Use of Trademarks and Logos

Pursuant to the "Contract of Licensed Use of Trademarks and Logos" entered into between the Company and BNSIGC on 18 April 1997, the Company paid trademark and logo licence fees of RMB10,000 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 2023, the Company's subsidiary, Beijing North Star Xin Cheng Property Management Co., Limited ("**Xin Cheng Property**"), entered into a property rental agreement with Chenyun Property Management Center ("**Chenyun Property**"), a branch of BNSIGC. Pursuant to the agreement, Xin Cheng Property leased certain properties from Chenyun Property as office properties. The term of the lease is one year, starting from 1 January 2023 and ended on 31 December 2023. The rental for the Reporting Period was RMB900,000, representing 2.18% of the leases of the Company. Such transaction was settled by cash.



## Report of the Directors (Continued)

### (3) Entrusted Operation and Management Contracts

On 6 February 2023, Beijing North Star Commercial Management Co., Ltd. ("**North Star Commercial Management**"), a wholly-owned subsidiary of the Company (as the entrusted manager), entered into two entrusted operation and management contracts with BNSIGC (as the owner), pursuant to which BNSIGC engaged North Star Commercial Management to provide entrusted operation and management services in relation to the operation and management of Beijing North Star Industrial Group Limited Liabilities Company Chenyun Property Management Center, a branch of BNSIGC ("**Chenyun Property Entrusted Operation and Management Contract**"), and Beijing Beichen Yayun Village Automotive Exchange Market Center, a wholly-owned subsidiary of BNSIGC ("**YVAEX Entrusted Operation and Management Contract**"), respectively, and paid management fees. The scope of entrusted operation and management includes the companies, assets and employees of BNSIGC under entrusted management. The term of entrustment of the entrusted operation and management contracts is five years from the date of signing of the contracts (i.e. 6 February 2023). BNSIGC holds 1,161,000,031 A Shares of the Company, representing approximately 34.48% of the issued shares of the Company, and is the controlling shareholder of the Company. Therefore, BNSIGC is a connected person of the Company. Accordingly, the entering into of the entrusted operation and management contracts and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratio(s) in respect of the annual caps under the entrusted operation and management contracts, on an aggregated basis, exceed(s) 0.1% but is (are) less than 5%, the entrusted operation and management contracts are subject to the reporting and announcement requirements but are exempt from the circular and shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

As the term of the entrusted operation and management contracts exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Altus Capital Limited as the independent financial adviser to explain why the entrusted operation and management contracts require a duration longer than three years and to confirm that it is a normal business practice for entrusted operation and management contracts of this type to be of such duration.

## Report of the Directors (Continued)

The annual cap for the management fees payable by BNSIGC to North Star Commercial Management in respect of Chenyun Property Entrusted Operation and Management Contract for 2023 was RMB2,910,600, and the actual transaction amount was RMB2,908,300, which did not exceed the annual cap. The annual cap for the management fees payable by BNSIGC to North Star Commercial Management in respect of YVAEX Entrusted Operation and Management Contract for 2023 was RMB3,173,100, and the actual transaction amount was RMB2,400,500, which did not exceed the annual cap.

Details of the continuing connected transactions were disclosed in the announcement of the Company dated 2 February 2023.

The independent non-executive directors of the Company have reviewed the above transactions, 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 above transactions 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 on a sample basis; (iii) such transactions were conducted in accordance with relevant agreements governing such transactions and (iv) the caps have not been exceeded. 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 2023, details of the bank loans and other borrowings of the Group are set out in note 22 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 a pro-rata basis.

### **DONATIONS**

During the year, charitable and other donations made by the Group amounted to RMB750,000.

## 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 jointly controlled entities paid corporate income tax at a rate of 25% based on taxable income.

### FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2023, the equity attributable to ordinary shareholders of the Company amounted to RMB19,544,170,000, representing an increase of 0.68% as compared to 31 December 2022.

The Group's bank and other borrowings as at 31 December 2023 amounted to RMB13,070,127,000. As at the end of the year, net values of the Group's 5-year corporate bonds, 3-year corporate bonds and 5-year medium-term notes were RMB2,852,459,000, RMB599,072,000 and RMB3,925,958,000, respectively. The net values of asset-backed securities were RMB3,577,647,000 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 RMB43,677,842,000, whereas the current liabilities amounted to RMB20,058,286,000. As at 31 December 2023, balances of cash at bank and on hand amounted to RMB8,505,482,000 (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 2023, the Group had secured borrowings from banks and other financial institutions of RMB12,901,985,000 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 66% as at the end of the Reporting Period (31 December 2022: 70%).

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 2023 was RMB7,137,252,000 (31 December 2022: RMB10,979,240,000).

### 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 RMB637 million.

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. Based on the assessment and analysis, the Group is required to make provision for impairment losses on financial assets of RMB260 million in 2023.

## 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 C1 to the Listing Rules during the year.

### REVIEW ON ANNUAL RESULTS

The audit committee of the Board of the Company has reviewed the annual results and the financial statements of the Group for the year ended 31 December 2023 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.

By Order of the Board



**LI Wei-Dong**  
*Chairman*

Beijing, the PRC, 21 March 2024



## 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 its duty to protect shareholders’ rights and the Company’s interest and abided by the principle of integrity and exercised due diligence to carry out its work in a reasonably prudent, diligent and proactive manner.

In 2023, the Supervisory Committee convened four meetings in total and the supervisors attended the Board meetings and Shareholders’ general meetings held during the Reporting Period. During the course of preparation of 2022 Annual Report, the Supervisory Committee has seriously reviewed 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 of the Company. 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 2023, the Board and management of the Company have operated in strict compliance with laws, regulations and the Articles of Association of the Company, performed their duties diligently, and exercised their authority faithfully in the best interests of the shareholders.

During the Reporting Period, the Supervisory Committee conducted continuous supervision over the insider dealings, cash dividends, connected 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 in accordance with the Articles of Association of the Company, Shareholders Dividend Distribution and Return Plan and the resolutions of shareholders’ general meetings. The connected transactions between the Company and related parties were conducted at fair market prices and in compliance with the review, approval 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 2023 and has great confidence in the future of the Company.

In 2024, 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 of the Company, so as to fulfill all its duties seriously.

By Order of the Supervisory Committee

Beijing, the PRC, 21 March 2024

## 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 72 to 191, comprise:

- the consolidated balance sheet as at 31 December 2023;
- 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, comprising material accounting policy information 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 2023, 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 ("HKSA") 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><b>Valuation of investment properties</b></p> <p>Refer to Notes 4.1(a) and 7 to the consolidated financial statements</p> <p>As at 31 December 2023, the Group's investment properties were measured at fair value and carried at approximately RMB16,740 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 and investment properties under development.</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>	<p>We performed the following procedures to address the key audit matter:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Assessed the competence, capabilities and objectivity of the Valuer.</li> <li>• 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.</li> </ul>

## Independent Auditor's Report (Continued)

### KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
<b>Valuation of investment properties (Continued)</b>	
<ul style="list-style-type: none"> <li>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.</li> <li>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, market rents and estimated development costs to completion.</li> </ul> <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"> <li>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.</li> <li>Assessed the appropriateness of the valuation approach or method applied based on our knowledge of the Group's business and the real estate industry.</li> <li>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.</li> </ul> <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><b>Assessment of net realisable value of properties under development and completed properties held-for-sale</b></p> <p>Refer to Notes 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 RMB31,025 million as at 31 December 2023 (representing approximately 47.6% of the Group's total assets). The management assessed the net realisable value ("NRV") of PUD and PHS as at 31 December 2023 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"> <li>• 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.</li> <li>• Evaluated the outcome of prior period assessment of NRV of PUD and PHS to assess the effectiveness of management's estimation process.</li> <li>• Evaluated and tested, on a sample basis, the management's key controls over the determination of NRV of PUD and PHS.</li> </ul>

## 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, 21 March 2024



## Consolidated balance sheet

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2023</b>	2022
		<b>RMB'000</b>	<b>RMB'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use assets	6	414,133	433,030
Investment properties	7	16,739,636	16,826,279
Property, plant and equipment	8	2,433,403	2,543,658
Investments accounted for using the equity method	10	326,720	357,765
Deferred income tax assets	23	1,160,697	1,309,347
Other receivables and prepayments	12	403,396	191,717
		<b>21,477,985</b>	21,661,796
<b>Current assets</b>			
Properties under development	13	13,617,019	22,977,693
Completed properties held-for-sale	14	17,407,630	16,582,388
Other inventories	15	41,497	43,066
Trade and other receivables and prepayments	12	3,174,360	5,204,597
Restricted bank deposits	16	931,854	1,255,045
Cash and cash equivalents	17	8,505,482	8,388,151
		<b>43,677,842</b>	54,450,940
<b>Total assets</b>		<b>65,155,827</b>	76,112,736
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long – term borrowings	22	14,984,857	17,468,165
Loans from other parties	20	5,512,543	2,369,408
Employee termination benefit obligations	34	100,604	96,332
Deferred income tax liabilities	23	2,232,671	2,208,129
Lease liabilities	6	4,228	10,503
Deferred income		34,778	19,287
		<b>22,869,681</b>	22,171,824
<b>Current liabilities</b>			
Trade and other payables	20	7,273,603	9,535,581
Loans/advances from other parties	20	3,431,650	2,248,718
Contract liabilities	5	2,089,140	10,609,330
Current income tax liabilities	21	1,659,374	1,773,757
Lease liabilities	6	29,493	26,751
Current portion of long-term borrowings	22	5,575,026	7,162,682
		<b>20,058,286</b>	31,356,819
<b>Total liabilities</b>		<b>42,927,967</b>	53,528,643
<b>Net assets</b>		<b>22,227,860</b>	22,584,093

## Consolidated balance sheet (Continued)

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2023</b>	2022
		<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY</b>			
Share capital	18	<b>3,367,020</b>	3,367,020
Other reserves	19	<b>4,948,137</b>	4,915,444
Retained earnings	19	<b>11,229,013</b>	11,130,486
<hr/>			
Capital and reserves attributable to ordinary shareholders of the Company		<b>19,544,170</b>	19,412,950
Non-controlling interests		<b>2,683,690</b>	3,171,143
<hr/>			
<b>Total equity</b>		<b>22,227,860</b>	22,584,093

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

The consolidated financial statements on pages 72 to 191 were approved by the Board of Directors of the Company on 21 March 2024 and were signed on its behalf.



**Li Wei Dong**  
Director



**Liang Jie**  
Director

## Consolidated income statement

	Note	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
Revenue	5	15,751,478	12,988,940
Cost of sales	24	(12,197,760)	(11,282,794)
<b>Gross profit</b>		<b>3,553,718</b>	1,706,146
Selling and marketing expenses	24	(429,459)	(486,486)
Administrative expenses	24	(917,392)	(884,697)
Net provision for impairment losses on financial assets		(260,213)	(158,917)
Other income and gains/(losses) – net	25	(45,292)	(135,499)
<b>Operating profit</b>		<b>1,901,362</b>	40,547
Finance income	27	80,273	127,661
Finance expenses	27	(913,434)	(912,288)
Finance expenses – net	27	(833,161)	(784,627)
Share of net profit/(loss) of investments accounted for using the equity method		8,150	(59,033)
<b>Profit/(loss) before income tax</b>		<b>1,076,351</b>	(803,113)
Income tax expense	28	(1,066,161)	(722,064)
<b>Profit/(loss) for the year</b>		<b>10,190</b>	(1,525,177)
<b>Attributable to:</b>			
Ordinary shareholders of the Company	29	140,407	(1,471,352)
Holders of perpetual bond		–	25,359
Non-controlling interests		(130,217)	(79,184)
		10,190	(1,525,177)
<b>Earnings/(losses) per share attributable to ordinary shareholders of the Company (expressed in RMB cents per share) (basic and diluted)</b>	29	<b>4.17</b>	(43.70)

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

## Consolidated statement of comprehensive income

	Note	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
<b>Profit/(loss) for the year</b>		<b>10,190</b>	(1,525,177)
<b>Other comprehensive (loss)/income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of post-employment benefit obligations	19	<b>(9,187)</b>	5,838
<b>Other comprehensive (loss)/income for the year, net of tax</b>		<b>(9,187)</b>	5,838
<b>Total comprehensive income/(loss) for the year</b>		<b>1,003</b>	(1,519,339)
<b>Attributable to:</b>			
Ordinary shareholders of the Company		<b>131,220</b>	(1,465,514)
Holder of perpetual bond		–	25,359
Non-controlling interests		<b>(130,217)</b>	(79,184)
		<b>1,003</b>	(1,519,339)

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	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	
<b>Balance at 1 January 2023</b>		3,367,020	4,915,444	11,130,486	19,412,950	-	3,171,143	22,584,093
Profit/(loss) for the year		-	-	140,407	140,407	-	(130,217)	10,190
Other comprehensive income	19	-	(9,187)	-	(9,187)	-	-	(9,187)
<b>Total comprehensive (loss)/income</b>		-	(9,187)	140,407	131,220	-	(130,217)	1,003
<b>Transactions with owners in their capacity as owners</b>								
Appropriation of statutory reserves	19	-	41,880	(41,880)	-	-	-	-
Dividends provided for or paid to non-controlling interests		-	-	-	-	-	(12,236)	(12,236)
Capital reduction from non-controlling interests		-	-	-	-	-	(345,000)	(345,000)
<b>Total transactions with owners in their capacity as owners</b>		-	41,880	(41,880)	-	-	(357,236)	(357,236)
<b>Balance at 31 December 2023</b>		3,367,020	4,948,137	11,229,013	19,544,170	-	2,683,690	22,227,860



## Consolidated statement of changes in equity (Continued)

	Attributable to ordinary shareholders of the Company							Total equity
	Note	Share capital	Other reserves (Note 19)	Retained earnings	Total	Perpetual bond	Non- controlling interests	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Balance at 1 January 2022</b>		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
<b>Total comprehensive income/(loss)</b>		-	5,838	(1,471,352)	(1,465,514)	25,359	(79,184)	(1,519,339)
<b>Transactions with owners in their capacity as owners</b>								
2021 final dividends	30	-	-	(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		-	(8,400)	-	(8,400)	(991,600)	-	(1,000,000)
Consideration for a business combination		-	(66,907)	-	(66,907)	-	(44,604)	(111,511)
<b>Total transactions with owners in their capacity as owners</b>		-	(73,273)	(35,704)	(108,977)	(1,043,600)	(612,524)	(1,765,101)
<b>Balance at 31 December 2022</b>		3,367,020	4,915,444	11,130,486	19,412,950	-	3,171,143	22,584,093

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	
		2023 RMB'000	2022 RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	31	2,202,011	4,822,658
Interest received		80,273	127,661
Interest paid		(1,345,877)	(1,708,008)
Income tax paid		(896,956)	(946,767)
Net cash generated from operating activities		39,451	2,295,544
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(78,922)	(62,701)
Payments for investment properties		(126,170)	(186,610)
Loans/funds granted to related parties	35(iv)(vi)	(384)	(629,552)
Proceed from settlement of receivable from the ultimate parent		–	107,925
Loan repayments from related parties	35(iv)	154,350	656,975
Interests received on loans granted and other investment		77,202	68,784
Proceeds from sale of property, plant and equipment and investment properties		1,586	2,526
Payment for acquisition of the joint venture and associate		(3,186)	–
Refund of advance payment as received for the partial disposal of an associate		–	(200,824)
Deregistration of a joint venture or an associate		30,569	17,500
Net cash generated from/(used in) investing activities		55,045	(225,977)

## Consolidated cash flow statement (Continued)

	Note	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
<b>Cash flows from financing activities</b>			
Proceeds from borrowings and issuance of bonds		3,091,942	5,723,494
Issuance of commercial mortgage backed securities ("CMBS")		2,854,280	–
Proceeds from borrowings from BNSIGC	35(ii)	2,600,000	2,100,000
Repayments of CMBS		(21,000)	(18,000)
Repayments of borrowings and bonds		(7,282,747)	(10,608,151)
Proceeds from loans/advances from non-controlling interests		129,303	115,640
Repayments of borrowings from BNSIGC	35(ii)	(1,300,000)	(2,600,000)
Proceeds from funds from related parties	35(v)	141,932	34,700
Repayments of loans/advance from non-controlling interests		(140,744)	(130,540)
Repayment of borrowings from related parties		(38,255)	(43,519)
Proceeds from capital injection from non-controlling interests		–	980
Dividends paid to the Company's shareholders		–	(33,670)
Dividends paid to the non-controlling interests		–	(20,000)
Dividends paid to the holders of perpetual bond		–	(52,000)
Redemption of perpetual bond		–	(1,000,000)
Principal elements of lease payments		(29,046)	(35,781)
Payment for acquisition of the entity under common control		–	(111,511)
Net decrease in deposits paid for obtaining borrowings		17,170	35,990
Net cash generated from/(used in) financing activities		22,835	(6,642,368)
<b>Net increase/(decrease) in cash and cash equivalents</b>		117,311	(4,572,802)
Cash and cash equivalents at beginning of year		8,388,151	12,960,953
<b>Cash and cash equivalents at end of year</b>	17	8,505,482	8,388,151

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 the Company’s 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 (collectively the “Group”) are primarily engaged in real estate development and convention and exhibition (including hotels) and commercial properties in the PRC.

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 of the Company on 21 March 2024.

## 2 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.

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.

# Notes to the Consolidated Financial Statements (Continued)

## 2 BASIS OF PREPARATION (CONTINUED)

### (ii) New and amended standards adopted by the Group

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2023:

- HKFRS 17 Insurance Contracts
- Definition of Accounting Estimates – Amendments to HKAS 8
- International Tax Reform – Pillar Two Model Rules – Amendments to HKAS 12
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to HKAS 12
- Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2

Exception for those as described below, the new and amended standards 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.

For temporary differences arising from lease liabilities and right-of-use assets (other than land use rights), the related deferred income tax assets and liabilities are required to be recognised separately according to Amendment to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction (while the Group had offset the related deferred income tax assets and liabilities in prior years). Due to this change, the relevant disclosure notes for the year ended 31 December 2022 have been adjusted accordingly (Note 23).

### (iii) New or amended standards and interpretations not yet adopted

Certain new or amended accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These new or amended standards and 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)

### 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 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 of the Company 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 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 2023, 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 RMB49,296,000 (2022: The Group's post-tax loss would have been increased/decreased by approximately RMB46,522,000).

# 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.

The Group's trade receivable balances are primarily due from third party customers as a result of sales of properties, 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 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) Financial guarantee.

#### 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 2023 and 2022, the loss allowance was determined as follows for trade receivables:

31 December 2023	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
<b>Property development</b>					
Expected loss rate (%)	N/A	N/A	N/A	100.00%	
Gross carrying amount (RMB'000)	-	-	-	44	44
Loss allowance (RMB'000)	-	-	-	44	44
<b>Property management</b>					
Expected loss rate (%)	17.35%	N/A	N/A	100.00%	
Gross carrying amount (RMB'000)	24,696	-	-	19,073	43,769
Loss allowance (RMB'000)	4,284	-	-	19,073	23,357
<b>Hotel</b>					
Expected loss rate (%)	0.32%	0.44%	N/A	29.59%	
Gross carrying amount (RMB'000)	17,927	2,433	-	2,612	22,972
Loss allowance (RMB'000)	57	11	-	773	841
<b>Conference and exhibition</b>					
Expected loss rate (%)	1.29%	N/A	N/A	26.97%	
Gross carrying amount (RMB'000)	48,378	-	-	22,673	71,051
Loss allowance (RMB'000)	626	-	-	6,116	6,742
<b>Leasing-shopping mall</b>					
Expected loss rate (%)	N/A	N/A	N/A	100.00%	
Gross carrying amount (RMB'000)	-	-	-	27,358	27,358
Loss allowance (RMB'000)	-	-	-	27,358	27,358
<b>Leasing-others</b>					
Expected loss rate (%)	0.03%	0.06%	0.12%	45.82%	
Gross carrying amount (RMB'000)	60,773	17,335	6,901	6,231	91,240
Loss allowance (RMB'000)	19	11	8	2,855	2,893

## 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 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
<b>Property development</b>					
Expected loss rate (%)	N/A	N/A	N/A	100.00%	
Gross carrying amount (RMB'000)	–	–	–	38	38
Loss allowance (RMB'000)	–	–	–	38	38
<b>Property management</b>					
Expected loss rate (%)	14.77%	N/A	N/A	100.00%	
Gross carrying amount (RMB'000)	22,782	–	–	15,261	38,043
Loss allowance (RMB'000)	3,365	–	–	15,261	18,626
<b>Hotel</b>					
Expected loss rate (%)	0.41%	0.44%	N/A	100.00%	
Gross carrying amount (RMB'000)	8,743	405	–	1,767	10,915
Loss allowance (RMB'000)	35	2	–	1,767	1,804
<b>Conference and exhibition</b>					
Expected loss rate (%)	0.78%	1.04%	N/A	4.21%	
Gross carrying amount (RMB'000)	21,977	224	–	21,459	43,660
Loss allowance (RMB'000)	172	2	–	904	1,078
<b>Leasing-shopping mall</b>					
Expected loss rate (%)	N/A	N/A	N/A	100.00%	
Gross carrying amount (RMB'000)	–	–	–	26,548	26,548
Loss allowance (RMB'000)	–	–	–	26,548	26,548
<b>Leasing-others</b>					
Expected loss rate (%)	0.03%	0.07%	0.13%	23.66%	
Gross carrying amount (RMB'000)	134,663	11,168	2,352	5,860	154,043
Loss allowance (RMB'000)	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)

The loss allowances for trade receivables as at the balance sheet date respective reconcile to the opening loss allowances as follows:

	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
Opening loss allowance at 1 January	<b>49,540</b>	47,217
Increase in the allowance recognised in profit or loss, net	<b>11,695</b>	2,323
Closing loss allowance at 31 December	<b>61,235</b>	49,540

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 years ended 31 December 2023 and 2022.



## 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 the following three stages to categorise its 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:

<b>Category</b>	<b>Company definition of category</b>	<b>Basis for recognition of expected credit loss provision</b>
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)

Based on the assessment and analysis, receivable due from other related parties in other receivables with carrying amount of RMB859,103,000(2022:RMB574,001,000) as at 31 December 2023 are classified in Stage three. The impairment is measured as lifetime expected credit loss and the Group has recognised provision for impairment of RMB424,534,000 (2022: RMB171,158,000) against these other receivables as at 31 December 2023.

Except for other receivables as mentioned above, the remaining other receivables are classified in Stage one and the impairment is measured as 12-month expected credit losses.

As at 31 December 2023 and 2022, 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 2023	(1,695)	(174,008)	(7,217)	(15,960)	(198,880)
Decrease/(increase) in the allowance recognised in profit or loss	447	(250,779)	2,230	(416)	(248,518)
Closing loss allowance as at 31 December 2023	(1,248)	(424,787)	(4,987)	(16,376)	(447,398)
	Deposit RMB'000	Due from 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)

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 has not written off any other receivables during the years ended 31 December 2023 and 2022.

## 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 <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>	Total <i>RMB'000</i>
<b>At 31 December 2023</b>					
Borrowings (including interests payable)	6,268,341	5,707,329	3,598,367	8,179,795	23,753,832
Trade and other payables and loans/advances from other parties ( <i>Note i</i> )	10,716,178	245,483	5,519,517	–	16,481,178
Lease liabilities	31,013	4,353	–	–	35,366
	<b>17,015,532</b>	<b>5,957,165</b>	<b>9,117,884</b>	<b>8,179,795</b>	<b>40,270,376</b>
<b>At 31 December 2022</b>					
Borrowings (including interests payable)	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 ( <i>Note i</i> )	11,366,957	2,428,738	–	–	13,795,695
Lease liabilities	29,501	9,131	1,903	–	40,535
	<b>19,582,834</b>	<b>7,524,473</b>	<b>6,215,278</b>	<b>11,242,137</b>	<b>44,564,722</b>

*Notes:*

- (i) Excluding staff welfare benefit payable, other taxes 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 32.

## 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 2023 and 2022 were as follows:

	<b>As at 31 December 2023</b>	2022
Asset-liability ratio	<b>66%</b>	70%

#### 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 2023 and 2022. 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 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 expenses to make the 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) *Current and deferred 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.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

## 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 the tax jurisdictions in various cities of 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.

#### 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 based on the policies as disclosed in Note 5. 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 32, 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 of Directors of the Company (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 2023 and 2022 are as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
<b>Revenue</b>		
Real estate development segment	<b>12,904,731</b>	10,964,541
Convention and exhibition (including hotels) and commercial properties segment	<b>2,649,089</b>	1,881,782
	<b>15,553,820</b>	12,846,323
Other segments	<b>197,658</b>	142,617
	<b>15,751,478</b>	12,988,940

During the years ended 31 December 2023 and 2022, 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	Over time
	RMB'000	RMB'000
<b>Year ended 31 December 2023</b>		
Real estate development segment	<b>12,904,731</b>	–
Convention and exhibition (including hotels) and commercial properties segment*	<b>462,749</b>	<b>679,032</b>
Other segments	<b>48,647</b>	<b>149,011</b>
	<b>13,416,127</b>	<b>828,043</b>
<b>Year ended 31 December 2022</b>		
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

\* Rental income for the year ended of 31 December 2023 of RMB1,507,308,000 (2022: RMB1,154,551,000) 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 2023 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>
Total segment revenue	12,904,731	2,727,742	252,660	15,885,133
Inter-segment revenue	–	(78,653)	(55,002)	(133,655)
Revenue from external customers	12,904,731	2,649,089	197,658	15,751,478
Adjusted profit/(loss) before income tax	588,578	469,559	(60,559)	997,578
Adjusted profit/(loss) before income tax is stated after (charging)/crediting the following:				
Adjusted cost of sales or services rendered	(9,881,338)	(1,411,408)	(145,994)	(11,438,740)
Adjusted depreciation and amortisation	(36,997)	(437,488)	(9,446)	(483,931)
Finance income	38,209	4,911	222	43,342
Finance expenses	(733,558)	–	–	(733,558)
Share of net profit from investments accounted for using the equity method	4,643	3,507	–	8,150
Adjusted income tax (expenses)/credit	(1,074,770)	(117,390)	14,624	(1,177,536)



## Notes to the Consolidated Financial Statements (Continued)

### 5. SEGMENT INFORMATION (CONTINUED)

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 <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	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 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 segment information as at 31 December 2023 and 2022 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>
<b>As at 31 December 2023</b>				
Total segment assets	37,133,959	10,359,154	100,054	47,593,167
Total segment assets include:				
Investments accounted for using the equity method	316,431	10,289	–	326,720
Additions to non-current assets*	16,121	189,111	2,513	207,745
Total segment liabilities	24,341,316	1,223,425	284,723	25,849,464
Contract liabilities	1,971,399	112,360	5,381	2,089,140
<b>As at 31 December 2022</b>				
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*	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

\* Non-current assets does not include investments accounted for using the equity method, financial assets and deferred income tax assets.

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 centrally.

As at 31 December 2023, 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	
	2023 RMB'000	2022 RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Real estate development segment	9,065,874	5,301,154
Convention and exhibition (including hotels) and commercial properties segment	140,066	282,971
Other segments	6,487	9,651
	<b>9,212,427</b>	5,593,776

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

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
<b>Adjusted profit/(loss) before income tax for reportable segments</b>	<b>997,578</b>	(793,808)
Corporate overheads	(208,263)	(229,529)
Corporate finance expense	(179,876)	(346,852)
Corporate finance income	36,931	87,022
Provision for impairment losses on financial assets	(247,068)	(155,330)
Other income	176	299
Other losses – net	(750)	(108)
Fair value losses on investment properties (Note 25)	(180,599)	(244,246)
Reversal of depreciation and impairment of investment properties	278,764	414,466
Land appreciation tax (Note 28)	579,458	464,973
<b>Profit/(loss) before income tax</b>	<b>1,076,351</b>	(803,113)

## 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:

	<b>As at 31 December 2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Total segment assets</b>	<b>47,593,167</b>	59,998,285
Deferred income tax assets at corporate level	<b>959,891</b>	1,043,076
Corporate cash	<b>7,226,356</b>	5,372,061
Accumulated fair value gains on investment properties	<b>5,367,301</b>	5,547,900
Reversal of accumulated depreciation and impairment of investment properties	<b>3,563,384</b>	3,284,620
Corporate loan advanced to joint ventures and an associate	<b>434,792</b>	854,832
Other corporate current assets	<b>10,936</b>	11,962
<b>Total assets per consolidated balance sheet</b>	<b>65,155,827</b>	76,112,736
<b>Total segment liabilities</b>	<b>25,849,464</b>	39,148,384
Deferred income tax liabilities at corporate level	<b>2,232,671</b>	2,208,129
Corporate borrowings	<b>8,943,140</b>	10,178,111
Other corporate liabilities	<b>5,902,692</b>	1,994,019
<b>Total liabilities per consolidated balance sheet</b>	<b>42,927,967</b>	53,528,643

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 RMB274,700,000 (2022: RMB271,471,000).

The reconciliation between reportable segment income tax expenses and total income tax expenses is amounting to RMB111,375,000 (2022: RMB118,311,000), 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 2023 and 2022 are derived in the PRC.

At 31 December 2023 and 2022, 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 (in excess of 10% of the Group's revenue) derived from any specific external customers for the years ended 31 December 2023 and 2022.

# Notes to the Consolidated Financial Statements (Continued)

## 5. SEGMENT INFORMATION (CONTINUED)

### Accounting policies of 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.

#### (i) *Land development and resale*

The group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the group due to contractual restrictions. However, an enforceable right to payment does not arise until the property is accepted by the customer, or deemed as accepted according to the contract, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Therefore, revenue is recognised at a point in time when the property is accepted by the customer, or deemed as accepted according to the contract, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property.

The revenue is measured at the transaction price agreed under the contract. The consideration is due when the property is accepted by the customer, or deemed as accepted according to the contract, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. The transaction price is not adjusted for the effects of a significant financing component.

#### (ii) *Provision of services*

Revenue from providing convention and exhibition services, hotel service, commercial and property management services 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. Revenue from providing hotel catering services externally is recognised upon completion of catering services. At the balance sheet date, the Group reestimates the progress of completed services to reflect changes in performance.

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.

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.



## Notes to the Consolidated Financial Statements (Continued)

### 6. RIGHT-OF-USE ASSETS AND LEASES

#### (a) Right-of-use assets

	2023 RMB'000	2022 RMB'000
At 1 January	433,030	455,018
Addition	24,811	27,361
Termination of lease and disposal	–	(678)
Depreciation charge	(43,708)	(48,671)
At 31 December	<b>414,133</b>	433,030

Notes:

- (i) As at 31 December 2023 and 2022, 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 2023, certain right-of-use assets with net book value of RMB250,559,000 (2022: RMB404,394,000) are pledged as securities for bank and other borrowings (Note 22).

#### (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 2023 RMB'000	2022 RMB'000
<b>Right-of-use assets</b>		
Land use rights and leased land*	394,548	408,223
Leased properties	19,585	24,807
	<b>414,133</b>	433,030

- \* As at 31 December 2023, land use rights with carrying amounts of RMB390,484,000 (2022: RMB404,394,000) 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 2023, leased land with carrying amount of RMB4,064,000 (2022: 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)

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Lease liabilities</b>		
Current	<b>29,493</b>	26,751
Non-current	<b>4,228</b>	10,503
	<b>33,721</b>	37,254

(ii) Amounts recognised in the consolidated income statement

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

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Depreciation charge on right-of-use assets	<b>43,708</b>	48,671
Interest expense on lease liability (included in finance expenses)	<b>2,065</b>	2,305
Expense relating to short-term leases (included in cost of sales, selling and marketing expenses and administrative expenses)	<b>11,523</b>	11,617

The total cash outflow for leases in 2023 was RMB42,634,000 (2022: RMB49,703,000).

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

The Group leases various land, properties and equipments. Rental contracts are typically made for fixed periods of 1 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)

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

#### (b) Leases (Continued)

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

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.

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. See Note 38.17 for the other accounting policies relevant to lease.

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.

## Notes to the Consolidated Financial Statements (Continued)

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

#### (b) Leases (Continued)

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

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.

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.

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.

## Notes to the Consolidated Financial Statements (Continued)

### 7. INVESTMENT PROPERTIES

	2023 RMB'000	2022 RMB'000
<b>At fair value</b>		
At 1 January	16,826,279	16,709,399
Additions	112,690	37,160
Transfer from properties under development and completed properties held-for-sale	–	363,862
Disposal	(1,813)	–
Fair value losses recognised in profit or loss	(180,599)	(244,246)
Others (Note)	(16,921)	(39,896)
At 31 December	16,739,636	16,826,279

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	
	2023 RMB'000	2022 RMB'000
Rental income	1,488,542	1,132,995
Direct operating expenses arising from investment properties that generate rental income	(771,444)	(727,226)
Direct operating expenses that did not generate rental income	(407,146)	(388,035)
Fair value losses recognised in profit or loss	(180,599)	(244,246)

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 23).

Refer to Note 33(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. 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 33(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 2023 and 2022.

##### (i) Fair value hierarchy

	Fair value measurements at 31 December using significant unobservable inputs (Level 3)	
	2023 RMB'000	2022 RMB'000
Recurring fair value measurements for investment properties including:		
Office units	6,693,605	6,786,759
Apartments	2,173,600	2,206,250
Convention centers	4,091,000	3,971,000
Shopping malls	3,769,300	3,850,841
Others	12,131	11,429
	<b>16,739,636</b>	16,826,279

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 2023 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; and
- 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 2023 (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	12,491,905	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	RMB0.66-RMB22.29/ sq,m/day	The higher the market rents, the higher the fair value
Investment properties- convention centers	4,091,000	Discounted cash flow	Rental value	For Year 1 to 5 RMB3.81-RMB7.57/ sq,m/day	The higher the rental value, the higher the fair value
			Discount rate	From 10.0% to 11.0%	The higher the discount rate, the lower the fair value
Investment properties-apartment (block A)	72,000	Discounted cash flow	Room rate	For Year 1 to 5 RMB416 -RMB460/ room/day	The higher the room rate, the higher the fair value
			Discount rate	8.5%	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 2023 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability- weighted average)	Relationship of unobservable inputs to fair value
Investment properties under development – office units	72,600	Income approach (term and reversionary method)	Term yield	1% downward adjustment on the reversionary yield	The higher the term yield, the lower the fair value
			Reversionary yield	9.0%	The higher the reversionary yield, the lower the fair value
			Market rents	RMB4/sq.m/day	The higher the rental value, the higher the fair value
			Residual method	Development costs to completion	Approximately RMB2,298/sq.m
Investment properties – others	12,131	Discounted cash flow	Annual rent	Approximately RMB16,982,000	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 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-RMB7.28/ 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 -RMB477/ 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



## 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 2022 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability- weighted average)	Relationship of unobservable inputs to 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 – RMB26.67 /sq.m/day	The higher the rental value, the higher the fair value
Investment properties – others	11,429	Residual method  Discounted cash flow	Development costs to completion	Approximately RMB4,319 – RMB16,416/sq.m	The higher the cost, the lower the fair value
			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)

#### (c) Non-current assets pledged as securities

As at 31 December 2023, certain investment properties with fair value of RMB9,776,000,000 (2022: RMB12,387,000,000) were pledged as securities for bank and other borrowings (Note 22).

#### (d) Accounting policy of 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'.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

## Notes to the Consolidated Financial Statements (Continued)

### 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
<b>Year ended 31 December 2022</b>						
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
<b>At 31 December 2022</b>						
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
<b>Year ended 31 December 2023</b>						
Opening net book amount	267,372	1,885,711	192,555	196,798	1,222	2,543,658
Additions	13,655	-	11,657	30,289	2,820	58,421
Disposals	-	-	(205)	(1,044)	-	(1,249)
Transfers	6,621	-	(30,754)	25,184	(1,051)	-
Depreciation	(31,153)	(45,494)	(33,942)	(54,934)	-	(165,523)
Others (i)	(1,922)	-	23	(5)	-	(1,904)
Closing net book amount	254,573	1,840,217	139,334	196,288	2,991	2,433,403
<b>At 31 December 2023</b>						
Cost	605,386	2,716,076	626,697	888,688	2,991	4,839,838
Accumulated depreciation and impairment	(350,813)	(875,859)	(487,363)	(692,400)	-	(2,406,435)
Net book amount	254,573	1,840,217	139,334	196,288	2,991	2,433,403

## 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 2023, the impairment provision on property, plant and equipment are amounted to approximately RMB78,961,000 (2022: RMB78,961,000), which is attributable to a hotel property.
- (iii) For the year ended 31 December 2023, depreciation expense of RMB139,612,000, RMB3,659,000 and RMB22,252,000 (2022: RMB134,946,000, RMB3,162,000 and RMB25,084,000) in cost of sales, selling and marketing expenses and administrative expenses, respectively in the consolidated income statement.
- (iv) As at 31 December 2023, certain hotel properties with net book value of RMB1,344,825,000 (2022: RMB1,658,880,000) are pledged as securities for bank and other borrowings (Note 22).
- (v) Depreciation methods and useful lives

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	20-70 years
Hotel properties	20-70 years
Plant and machinery	5-15 years
Furniture, fixtures, equipment and motor vehicles	5-10 years

See Note 38.2 for the other accounting policies relevant to property, plant and equipment.

## Notes to the Consolidated Financial Statements (Continued)

### 9. SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2023. 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	
				2023	2022	2023	2022
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 and iv)	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 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 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	RMB10,000,000	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 and vi)	Beijing	Convention and exhibition in Beijing	RMB 200,000,000	60%	60%	40%	40%
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)	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 vi)	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)	Wuhan	Property development in Wuhan	RMB40,816,000	51%	51%	49%	49%

## 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	
				2023	2022	2023	2022
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)	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(Notes 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	RMB10,000,000	50%	50%	50%	50%
Chengdu North Star Tianfu Investment Co., Limited 成都北辰天府置業有限公司(Notes iii)	Chengdu	Property development in Chengdu	RMB100,000,000	100%	100%	-	-
Hangzhou North Star Jinghua Investment Co., Limited 杭州北辰京華置業有限公司(Notes iii and iv)	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, iv 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(Notes iii)	Chongqing	Property development in Chongqing	RMB100,000,000	100%	100%	-	-
Suzhou North Star Investment Co., Limited 蘇州北辰置業有限公司(Notes iii)	Suzhou	Property development in Suzhou	RMB2,000,000,000	100%	100%	-	-
Ningbo Chenxin Investment Co., Limited 寧波辰新置業有限公司(Notes iii)	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	RMB8,859,093,600	100%	100%	-	-
Wuhan North Star Chenzhi Real Estate Development Company Limited 武漢北辰辰智房地產開發有限公司(Notes iii)	Wuhan	Property development in Wuhan	RMB730,000,000	100%	100%	-	-
Wuhan North Star Chenhui Real Estate Development Company Limited 武漢北辰辰慧房地產開發有限公司(Notes iii)	Wuhan	Property development in Wuhan	RMB1,330,000,000	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	RMB10,000,000	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 and vi)	Chengdu	Convention and exhibition in Chengdu	RMB5,000,000	51%	51%	49%	49%
Wuhan Jinchenyingzhi Real Estate Co. Limited 武漢辰盈置業有限公司(Notes iii and vi)	Wuhan	Property development in Wuhan	RMB20,000,000	51%	51%	49%	49%



## 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	
				2023	2022	2023	2022
Wuhan Yuchen Real Estate Co. Limited 武漢裕辰房地產開發有限公司(Notes iii, iv 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)	Wuhan	Property management in Wuhan	RMB2,000,000	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)	Beijing	Property development in Beijing	RMB5,500,000,000	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	RMB37,500,000	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	RMB37,500,000	80%	80%	20%	20%
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 廊坊市辰智房地產開發有限公司(Notes iii and vi)	Langfang	Property development in Langfang	RMB31,000,000	100%	100%	-	-
Chengdu Tianchen Real Estate Co. Limited 成都北辰天辰置業有限公司(Notes iii)	Chengdu	Property development in Chengdu	RMB62,500,000	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	RMB50,000,000	100%	100%	-	-
Guangzhou Chenxu Real Estate Co. Limited 廣州辰旭置業有限公司(Notes iii and vi)	Guangzhou	Property development in Guangzhou	RMB98,039,200	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	RMB50,000,000	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	RMB50,000,000	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	RMB31,000,000	100%	100%	-	-
Diaoyutai North Star Exhibition Co. Limited 釣魚台北辰(北京)會展有限公司(Notes iii and iv)	Beijing	Convention and exhibition in Beijing	RMB20,000,000	51%	51%	49%	49%
Haikou Chenrui Real Estate Co. Limited 海口辰睿置業有限公司("HKCR")(Notes iii)	Haikou	Property development in Haikou	RMB50,000,000	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	RMB50,000,000	100%	100%	-	-
Beijing International Exhibition Center Co. Limited 北京國際展覽中心有限公司(Notes iii and iv)	Beijing	Convention and exhibition in Beijing	RMB20,000,000	100%	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	RMB50,000,000	100%	100%	-	-
Beijing North Star Yue Property Service Company Limited 北京北辰悅物業服務有限公司(Notes iii)	Beijing	Property management in Beijing	RMB20,000,000	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 6.43% of the Group's total net assets.
- (v) Although the Group only owns equity interests of 50% 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 total non-controlling interests as at 31 December 2023 was RMB2,683,690,000 (2022:RMB3,171,143,000), among which RMB2,281,949,000 (2022:RMB2,287,577,000) was for BJCY.

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

#### *Summarised balance sheet*

##### (i) BJCY

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Current</b>		
Assets	<b>4,561,856</b>	4,759,566
Liabilities	<b>(66,255)</b>	(256,142)
Total net current assets	<b>4,495,601</b>	4,503,424
<b>Non-current</b>		
Assets	<b>161,437</b>	165,100
Liabilities	<b>–</b>	–
Total net non-current assets	<b>161,437</b>	165,100
Net assets	<b>4,657,038</b>	4,668,524
Accumulated non-controlling interests	<b>2,281,949</b>	2,287,577

## Notes to the Consolidated Financial Statements (Continued)

### 9. SUBSIDIARIES (CONTINUED)

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

*Summarised statement of comprehensive income*

(i) BJCY

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Revenue	183,988	884,979
Post-tax loss	(11,486)	(92,242)
Other comprehensive income	–	–
<b>Total comprehensive loss</b>	<b>(11,486)</b>	<b>(92,242)</b>
Total comprehensive loss allocated to NCI	(5,628)	(45,199)
Dividends paid to NCI	–	–

*Summarised cash flows*

(i) BJCY

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Net cash (used in)/generated from operating activities	(20,867)	912,930
Net cash used in investing activities	–	(850,000)
Net (decrease)/increase in cash and cash equivalents	(20,867)	62,930

## 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:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	<i>RMB'000</i>
Associates	<b>49,355</b>	51,282
Joint ventures	<b>277,365</b>	306,483
	<b>326,720</b>	357,765

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

	<b>For the year ended 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	<i>RMB'000</i>
Associates	<b>(2,113)</b>	(33,002)
Joint ventures	<b>10,263</b>	(9,136)
	<b>8,150</b>	(42,138)

#### (a) Investments in associates

	<b>2023</b>	2022
	<b>RMB'000</b>	<i>RMB'000</i>
At 1 January	<b>51,282</b>	93,611
Additions	<b>186</b>	–
Disposal	–	(17,500)
Share of net loss accounted for using the equity method	<b>(2,113)</b>	(33,002)
Dividends paid	–	(7,692)
Other	–	15,865
At 31 December	<b>49,355</b>	51,282

## 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 2023 and 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.

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Aggregate carrying amount of the immaterial associates	49,355	51,282
Aggregate amounts of the Group's share of:		
– Post-tax loss	(2,113)	(33,002)
– Other comprehensive loss	–	–
Total comprehensive loss	<b>(2,113)</b>	(33,002)

#### (b) Investments in joint ventures

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At 1 January	306,483	542,125
Additions	3,000	–
Disposal	(9,891)	–
Share of net profit/(loss) accounted for using the equity method	10,263	(9,136)
Dividends paid	(32,490)	(210,641)
Others	–	(15,865)
At 31 December	<b>277,365</b>	306,483

As at 31 December 2023 and 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 2023 and 2022, neither the Group nor the joint ventures 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.

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Aggregate carrying amount of the immaterial joint ventures ( <i>note</i> )	277,365	306,483
Aggregate amounts of the Group's share of:		
– Post-tax profit/(loss)	10,263	(9,136)
– Other comprehensive income	–	–
Total comprehensive income/(loss)	10,263	(9,136)

##### *Note:*

As at 31 December 2023, the immaterial joint ventures with carrying amounts of RMB267,076,000 (2022: RMB302,211,000) represent three joint ventures (2022: four), which were engaged in property development. The properties as developed by these three joint ventures have been substantially sold out and hence these three joint ventures have no significant contribution to the Group's profit for the years ended 31 December 2023 and 2022. It is also not expected that the aforesaid joint ventures 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	
	2023	2022
	RMB'000	RMB'000
<b>Financial assets at amortised cost</b>		
Trade receivables (Note 12)	195,199	223,707
Other receivables (b) (Note 12)	1,593,903	2,723,084
Restricted bank deposits (Note 16)	931,854	1,255,045
Cash and cash equivalents (Note 17)	8,505,482	8,388,151
	<b>11,226,438</b>	12,589,987
<b>Financial liabilities</b>		
<b>Liabilities at amortised cost</b>		
Trade and other payables and loans/advances from other parties (c)	15,885,428	13,714,164
Borrowings (Note 22)	20,559,883	24,630,847
Lease liabilities	33,721	37,254
	<b>36,479,032</b>	38,382,265

- (a) The Group's exposure to various risks associated with the financial instruments is disclosed 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 related parties, receivables due from non-controlling interests and other receivables.
- (c) The above trade and other payables and loans/advances from other parties comprise trade payables, dividends payable to non-controlling interests of subsidiaries, amounts due to non-controlling interests and other related parties, loans/advances from other parties and other payables excluding statutory liabilities.

## Notes to the Consolidated Financial Statements (Continued)

### 12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December					
	2023			2022		
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000	Non-current RMB'000	Total RMB'000
Trade and other receivables (a)	1,393,800	395,302	1,789,102	2,781,317	165,474	2,946,791
Prepayments (b)	1,780,560	8,094	1,788,654	2,423,280	26,243	2,449,523
	<b>3,174,360</b>	<b>403,396</b>	<b>3,577,756</b>	5,204,597	191,717	5,396,314

#### (a) Trade and other receivables

	As at 31 December					
	2023			2022		
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000	Non-current RMB'000	Total RMB'000
Trade receivables (i)	256,434	–	256,434	273,247	–	273,247
Less: provision for impairment of trade receivables	(61,235)	–	(61,235)	(49,540)	–	(49,540)
Trade receivables – net	195,199	–	195,199	223,707	–	223,707
Receivables due from other related parties (Notes ii and 35(ix))	218,052	655,125	873,177	821,771	220,500	1,042,271
Receivables due from non-controlling interests (iii)	859,822	–	859,822	1,503,447	–	1,503,447
Other receivables	265,199	43,103	308,302	311,202	65,044	376,246
	<b>1,343,073</b>	<b>698,228</b>	<b>2,041,301</b>	2,636,420	285,544	2,921,964
Less: provision for impairment of other receivables	(144,472)	(302,926)	(447,398)	(78,810)	(120,070)	(198,880)
Other receivables – net	1,198,601	395,302	1,593,903	2,557,610	165,474	2,723,084
	<b>1,393,800</b>	<b>395,302</b>	<b>1,789,102</b>	2,781,317	165,474	2,946,791

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 2023 and 2022, the ageing analysis of the trade receivables were as follows:

	<b>As at 31 December 2023</b>	2022
	<b>RMB'000</b>	RMB'000
0 – 30 days	<b>146,463</b>	172,467
31 – 90 days	<b>16,456</b>	37,333
Over 90 days	<b>93,515</b>	63,447
	<b>256,434</b>	273,247

(ii) Receivables due from other related parties include 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 2023, the related party portion of receivables due from non-controlling interests was RMB495,500,000 (2022: RMB495,500,000) (Note 35(ix)).

## Notes to the Consolidated Financial Statements (Continued)

### 12 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

#### (b) Prepayments

	2023		As at 31 December			
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000	2022 Non-current RMB'000	Total RMB'000
Prepaid tax	1,681,013	-	1,681,013	2,280,085	-	2,280,085
Prepaid costs to obtain customer contracts	-	8,094	8,094	-	26,243	26,243
Other prepayments	99,547	-	99,547	143,195	-	143,195
	<b>1,780,560</b>	<b>8,094</b>	<b>1,788,654</b>	2,423,280	26,243	2,449,523
Less: provision for impairment	-	-	-	-	-	-
	<b>1,780,560</b>	<b>8,094</b>	<b>1,788,654</b>	2,423,280	26,243	2,449,523

## Notes to the Consolidated Financial Statements (Continued)

### 13. PROPERTIES UNDER DEVELOPMENT

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
As at 1 January	22,977,693	30,057,808
Additions	2,590,540	4,713,325
Transfer to completed properties held-for-sale ( <i>Note 14</i> )	(11,621,135)	(11,351,905)
Impairment	(330,079)	(441,535)
As at 31 December	<b>13,617,019</b>	22,977,693

	As at 31 December 2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Land use rights	8,778,115	13,838,765
Development costs and capitalised expenditure	3,463,306	6,990,562
Finance expenses capitalised	2,053,889	3,071,986
Less: accumulated impairment	(678,291)	(923,620)
	<b>13,617,019</b>	22,977,693

	As at 31 December 2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Land use rights:		
In PRC, held on leases of:		
Between 40 – 50 years	1,407,523	3,341,826
Over 50 years	7,370,592	10,496,939
	<b>8,778,115</b>	13,838,765

As at 31 December 2023, certain properties under development with net book value of RMB3,201,015,000 (2022: RMB6,309,407,000) are pledged as securities for bank and other borrowings (*Note 22*).

As at 31 December 2023, 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 RMB8,288,475,000 (2022: RMB10,305,910,000). The remaining balance is expected to be completed and available for sale within one year.



## Notes to the Consolidated Financial Statements (Continued)

### 13. PROPERTIES UNDER DEVELOPMENT (CONTINUED)

#### (i) Accounting policy of 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.

## Notes to the Consolidated Financial Statements (Continued)

### 14. COMPLETED PROPERTIES HELD-FOR-SALE

	2023 RMB'000	2022 RMB'000
As at 1 January	16,582,388	15,625,663
Transfer from properties under development (Note 13)	11,621,135	11,351,905
Transfer to investment properties	–	(363,862)
Transfer to cost of sales	(10,415,250)	(9,479,894)
Impairment	(307,132)	(463,624)
Others (note)	(73,511)	(87,800)
As at 31 December	<b>17,407,630</b>	16,582,388

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	
	2023 RMB'000	2022 RMB'000
Land use rights	6,725,362	8,367,479
Development costs and capitalised expenditure	9,848,162	7,433,543
Finance expenses capitalised	2,236,333	1,737,033
Less: accumulated impairment	(1,402,227)	(955,667)
	<b>17,407,630</b>	16,582,388

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Land use rights:		
In PRC, held on leases of:		
Between 40 – 50 years	2,362,178	1,562,476
Over 50 years	4,363,184	6,805,003
	<b>6,725,362</b>	8,367,479

As at 31 December 2023, completed properties held-for-sale with carrying amounts of RMB250,433,000 (2022: RMB1,932,051,000) were pledged as securities for bank borrowings (Note 22). See Note 13 for the accounting policies relevant to completed properties held-for-sale.

## Notes to the Consolidated Financial Statements (Continued)

### 15. OTHER INVENTORIES

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Goods for resale	<b>14,320</b>	16,777
Consumables	<b>27,421</b>	26,533
Less: provision for inventories	<b>(244)</b>	(244)
	<b>41,497</b>	43,066

For the year ended 31 December 2023, the cost of inventories recognised as expense and included in cost of sales amounted to RMB223,079,000 (2022: RMB183,759,000).

### 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 the Group's pre-sales of properties.

### 17. CASH AND CASH EQUIVALENTS

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

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Cash at bank and on hand	<b>3,690,482</b>	4,233,151
Short-term bank deposits (a)	<b>4,815,000</b>	4,155,000
	<b>8,505,482</b>	8,388,151
Maximum exposure to credit risk	<b>8,504,975</b>	8,387,640

(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 1.35% to 2.025% (2022: 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	
	2023	2022
	RMB'000	RMB'000
Renminbi	8,496,430	8,379,851
US dollar	5,305	5,199
HK dollar	1,653	1,617
EUR dollar	2,094	1,484
	<b>8,505,482</b>	8,388,151

The Group's cash and cash equivalents denominated in Renminbi, US dollar, HK 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	
	2023	2022
	RMB'000	RMB'000
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		
<b>At 1 January 2023</b>	<b>3,438,030</b>	<b>1,001,488</b>	<b>161,468</b>	<b>314,458</b>	<b>4,915,444</b>	<b>11,130,486</b>
Profit for the year	-	-	-	-	-	140,407
Appropriation of statutory reserves	-	41,880	-	-	41,880	(41,880)
Remeasurement of post-employment benefit obligations	-	-	-	(9,187)	(9,187)	-
<b>At 31 December 2023</b>	<b>3,438,030</b>	<b>1,043,368</b>	<b>161,468</b>	<b>305,271</b>	<b>4,948,137</b>	<b>11,229,013</b>
<b>At 1 January 2022</b>	<b>3,513,337</b>	<b>999,454</b>	<b>161,468</b>	<b>308,620</b>	<b>4,982,879</b>	<b>12,637,542</b>
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	(66,907)	-	-	-	(66,907)	-
<b>At 31 December 2022</b>	<b>3,438,030</b>	<b>1,001,488</b>	<b>161,468</b>	<b>314,458</b>	<b>4,915,444</b>	<b>11,130,486</b>

- (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 2023 and 2022.

## Notes to the Consolidated Financial Statements (Continued)

### 20. TRADE AND OTHER PAYABLES AND LOANS/ADVANCES FROM OTHER PARTIES

	As at 31 December					
	2023		Total RMB'000	2022		Total RMB'000
	Current RMB'000	Non-current RMB'000		Current RMB'000	Non-current RMB'000	
Trade and other payables (a)	7,273,603	–	7,273,603	9,535,581	–	9,535,581
Loans/advances from other parties (b)	3,431,650	5,512,543	8,944,193	2,248,718	2,369,408	4,618,126
	10,705,253	5,512,543	16,217,796	11,784,299	2,369,408	14,153,707

#### (a) Trade and other payables

	As at 31 December					
	2023		Total RMB'000	2022		Total RMB'000
	Current RMB'000	Non-current RMB'000		Current RMB'000	Non-current RMB'000	
Trade payables	5,768,782	–	5,768,782	6,676,748	–	6,676,748
– Related parties	1,024,351	–	1,024,351	–	–	–
– Third parties	4,744,431	–	4,744,431	6,676,748	–	6,676,748
Prepaid rental income from tenants	164,171	–	164,171	200,217	–	200,217
Dividends payable to non-controlling interests of subsidiaries	1,162	–	1,162	276,162	–	276,162
Amounts due to non-controlling interests of subsidiaries	89,361	–	89,361	49,922	–	49,922
Amounts due to related parties (Note 35(ix))	728	–	728	31,991	–	31,991
Employee termination benefit obligations current portion	7,094	–	7,094	7,887	–	7,887
Other taxes payable	261,487	–	261,487	1,008,350	–	1,008,350
Other payables	980,818	–	980,818	1,284,304	–	1,284,304
	7,273,603	–	7,273,603	9,535,581	–	9,535,581

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 2023, the related party portion of amount due to non-controlling interests was RMB59,000 (2022: RM6,150,000) (Note 35(ix)).



## Notes to the Consolidated Financial Statements (Continued)

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

#### (a) Trade and other payables (Continued)

At 31 December 2023 and 2022, 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:

	<b>As at 31 December 2023</b>	2022
	<b>RMB'000</b>	<b>RMB'000</b>
0 – 180 days	<b>2,251,550</b>	2,254,470
181 – 365 days	<b>981,950</b>	1,251,837
Over 365 days	<b>2,535,282</b>	3,170,441
	<b>5,768,782</b>	6,676,748

#### (b) Loans/advances from other parties

	<b>As at 31 December</b>			2022		
	<b>Current</b>	<b>2023 Non-current</b>	<b>Total</b>	Current	Non-current	Total
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Loans from non-controlling interests (i)	<b>1,962,025</b>	<b>98,833</b>	<b>2,060,858</b>	1,431,098	547,471	1,978,569
Loans from BNSIGC (Note 35(ix))	<b>344,871</b>	<b>2,558,000</b>	<b>2,902,871</b>	500,000	1,100,000	1,600,000
Commercial mortgage backed securities ("CMBS") issued by the Group (ii)	<b>755,138</b>	<b>2,855,710</b>	<b>3,610,848</b>	21,000	721,937	742,937
Advances from non-controlling interests	<b>48,274</b>	–	<b>48,274</b>	48,070	–	48,070
Loans/advances from other related parties (Note 35(ix))	<b>321,342</b>	–	<b>321,342</b>	248,550	–	248,550
	<b>3,431,650</b>	<b>5,512,543</b>	<b>8,944,193</b>	2,248,718	2,369,408	4,618,126

## Notes to the Consolidated Financial Statements (Continued)

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

#### (b) Loans/advances from other parties (Continued)

- (i) Loans from non-controlling shareholders of subsidiaries ("non-controlling interests") are all unsecured loans. As at 31 December 2023, except for loan amounts of RMB104,810,000 (2022: RMB104,810,000) which have no fixed terms of repayment, RMB1,752,461,000 (2022: 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.

As at 31 December 2023, loans from non-controlling interests of RMB1,568,916,000, RMB282,378,000 and RMB104,810,000 (2022: RMB1,469,596,000, RMB317,599,000 and RMB104,810,000) bear interests at fixed rates of 6.5%, 7% and 10.5% (2022: 6.5%, 7% and 10.5%) per annum, respectively. As at 31 December 2023, the carrying amount of loans from non-controlling interests include interest payable of 104,754,000.

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 2023, the related party portion of loans from non-controlling interests was RMB566,847,000 (2022: RMB104,810,000) (Note 35(ix)).

- (ii) On 20 December 2018, Beijing North Star Real Estate Group Co. Limited ("NSREG") issued Tianfeng-North Star Changsha Intercontinental Hotel CMBS ("CMBS-A") 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-A. The senior tranches entered the open exit filing period every three years and 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. During the year ended 31 December 2023, the Group repaid part of the CMBS-A of RMB21,000,000 (2022: RMB18,000,000) according to the payment schedule. As at 31 December 2023, the carrying amount of CMBS-A is RMB728,127,000 (2022: RMB742,937,000).

On 29 March 2023, the Group issued China Securities-Tianfeng-North Star Century Center CMBS ("CMBS-B") of RMB2,861,000,000, which has a term of 18 years and are divided into senior tranche and junior tranche with principal of RMB2,860,000,000 and RMB1,000,000 respectively. The coupon rate on the senior tranche is 5% per annum and the Company has purchased all the junior tranches. The senior tranche entered the open exit filing period every three years and were guaranteed by the Group. As at 31 December 2023, the carrying amount of CMBS-B is RMB2,882,721,000 (2022: Nil).

## Notes to the Consolidated Financial Statements (Continued)

### 20. 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.

### 21. CURRENT INCOME TAX LIABILITIES

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	<i>RMB'000</i>
Income tax payable	<b>351,335</b>	404,923
Land appreciation tax payable	<b>1,308,039</b>	1,368,834
	<b>1,659,374</b>	1,773,757

## Notes to the Consolidated Financial Statements (Continued)

### 22. BORROWINGS

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Non-current</b>		
Long term borrowings		
– Secured and guaranteed borrowings (a)	<b>13,052,547</b>	17,238,027
– Unsecured borrowings	<b>34,781</b>	21,706
– 5 year bonds of 2019 (b)	<b>383,279</b>	372,070
– 5 year bonds of 2020 (b)	<b>–</b>	597,918
– 5 year bonds of 2021 (I) (b)	<b>323,297</b>	318,302
– 5 year medium term note of 2021 (b)	<b>1,449,301</b>	1,447,071
– 5 year bonds of 2021 (II) (b)	<b>1,336,894</b>	1,335,738
– 5 year medium term note of 2022 (I) (b)	<b>1,076,309</b>	1,049,980
– 5 year bonds of 2022 (b)	<b>842,809</b>	822,836
– 5 year medium term note of 2022 (II) (b)	<b>1,445,763</b>	1,427,199
– 3 year bonds of 2023 (I) (b)	<b>614,903</b>	–
	<b>20,559,883</b>	24,630,847
Less: current portion of long term borrowings	<b>(5,575,026)</b>	(7,162,682)
	<b>14,984,857</b>	17,468,165
<b>Current</b>		
– Current portion of long term borrowings	<b>5,575,026</b>	7,162,682
	<b>5,575,026</b>	7,162,682
<b>Total borrowings</b>	<b>20,559,883</b>	24,630,847

## Notes to the Consolidated Financial Statements (Continued)

### 22. BORROWINGS (CONTINUED)

**(a) Secured and guaranteed borrowings**

*Secured borrowings*

As at 31 December 2023, long term borrowings of RMB12,901,985,000 (2022: RMB14,905,065,000) 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 which, secured borrowing of RMB1,472,000,000 (2022: RMB1,200,000,000) are also guaranteed by the Company.

*Guaranteed borrowings*

As at 31 December 2023, long-term borrowings of RMB133,405,000 (2022: RMB1,040,962,000) as obtained by the Company are unsecured and guaranteed by subsidiaries or BNSIGC.

As at 31 December 2022, long-term borrowings of RMB1,292,000,000 as obtained by certain subsidiaries are unsecured and guaranteed by the Company and these borrowings were fully repaid in the current year.

- (b)** 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 embed 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 18 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 principal is fully repayable on 16 April 2024 (if the investors do not exercise their put options as mentioned above).

On 15 January 2020, the Company issued corporate bonds with an aggregate principal amount of RMB600,000,000. These bonds had a term of 5 years, carried 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). On 15 January 2023, certain investors put to sell back 5 year bonds of RMB600,000,000 to the Company. The interests on these bonds and the principals were fully repaid on 15 January 2023.

On 26 July 2021, the Company issued corporate bonds with an aggregate principal amount of RMB319,000,000. 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 RMB318,043,000 (net of issuance costs of RMB957,000). The interests on these bonds are paid annually and the principal is fully repayable on 26 July 2026 (if the investors do not exercise their put options as mentioned above).

## Notes to the Consolidated Financial Statements (Continued)

### 22. BORROWINGS (CONTINUED)

- (b) On 21 December 2021, the Company issued medium term notes with an aggregate principal amount of RMB1,450,000,000. These medium term notes 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 medium term notes were RMB1,446,375,000 (net of issuance costs of RMB3,625,000). The interests on these medium term notes are paid annually and the principal is fully repayable on 21 December 2026 (if the investors do not exercise their put options as mentioned above).

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 principal is fully repayable on 29 December 2026 (if the investors do not exercise their put options as mentioned above).

On 25 April 2022, the Company issued medium term notes with an aggregate principal amount of RMB1,052,000,000. These medium term notes have a term of 5 years, carry 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 these medium term notes were RMB1,049,686,000 (net of issuance costs of RMB2,314,000). The interests on these medium term notes are paid annually and the principal is fully repayable on 25 April 2027 (if the investors do not exercise their put options as mentioned above).

On 28 April 2022, the Company issued corporate bonds with an aggregate principal amount of RMB825,000,000. These medium term notes 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 principal is fully repayable on 28 April 2027 (if the investors do not exercise their put options as mentioned above).

On 22 August 2022, the Company issued medium term notes with an aggregate principal amount of RMB1,430,000,000. These medium term notes have a term of 5 years, carry 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 these medium term notes were RMB1,426,997,000 (net of issuance costs of RMB3,003,000). The interests on these medium term notes are paid annually and the principal is fully repayable on 22 August 2027 (if the investors do not exercise their put options as mentioned above).

On 17 April 2023, the Company issued corporate bonds with an aggregate principal amount of RMB600,000,000. These bonds have a term of 3 years, carry a coupon rate of 3.74% per annum and also embedded a put option to the investors at the end of the second year. The net proceeds of these bonds were RMB598,800,000 (net of issuance costs of RMB1,200,000). The interests on these bonds are paid annually and the principal is fully repayable on 17 April 2026 (if the investors do not exercise their put options as mentioned above).



## Notes to the Consolidated Financial Statements (Continued)

### 22. BORROWINGS (CONTINUED)

- (c) The Group's borrowings mature until 2038 and its bonds and medium term notes mature until 2027 (if the investors do not exercise their put options as detailed on Note 22(b) above). As at 31 December 2023 and 2022, 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	
	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	968,226	904,764	1,034,812	5,660,000	3,571,988	597,918
Between 1 and 2 years	613,862	864,422	705,000	2,000	3,900,567	3,473,181
Between 2 and 5 years	1,782,897	1,477,418	834,000	6,000	—	3,300,015
Over 5 years	7,148,531	7,363,129	—	982,000	—	—
	<b>10,513,516</b>	10,609,733	<b>2,573,812</b>	6,650,000	<b>7,472,555</b>	7,371,114

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

	As at 31 December	
	2023	2022
Bank and other long term borrowings	4.73%	5.63%
5 year bonds of 2019	4.14%	4.14%
5 year bonds of 2020	—	4.35%
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%	3.65%
5 year bonds of 2022	3.57%	3.57%
5 year medium term note of 2022 (II)	3.53%	3.53%
3 year bonds of 2023 (I)	3.81%	—

## Notes to the Consolidated Financial Statements (Continued)

### 22. BORROWINGS (CONTINUED)

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

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Undrawn borrowing facilities expiring:		
– within one year	<b>418,211</b>	453,454
– between one and five years	<b>1,874,800</b>	2,386,152
	<b>2,293,011</b>	2,839,606

- (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:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
6 months or less	<b>9,278,036</b>	12,149,668
Between 6 and 12 months	<b>5,682,869</b>	3,484,074
Between 1 and 5 years	<b>5,598,978</b>	8,015,105
Over 5 years	–	982,000
	<b>20,559,883</b>	24,630,847

- (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)

### 23. DEFERRED INCOME TAX

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

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Deferred income tax assets:		
– to be recovered within 12 months	<b>91,034</b>	125,074
– to be recovered after more than 12 months	<b>1,102,002</b>	1,236,493
	<b>1,193,036</b>	1,361,567
Deferred income tax liabilities:		
– to be settled within 12 months	<b>(26,962)</b>	(38,514)
– to be settled after more than 12 months	<b>(2,238,048)</b>	(2,221,835)
	<b>(2,265,010)</b>	(2,260,349)
Offsetting	<b>(32,339)</b>	(52,220)
Deferred income tax assets after offsetting	<b>1,160,697</b>	1,309,347
Deferred income tax liabilities after offsetting	<b>(2,232,671)</b>	(2,208,129)
Deferred income tax liabilities-net	<b>(1,071,974)</b>	(898,782)

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

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
At 1 January	<b>(898,782)</b>	(919,427)
(Charged)/credited to profit or loss (Note 28)	<b>(173,192)</b>	20,645
At 31 December	<b>(1,071,974)</b>	(898,782)

## Notes to the Consolidated Financial Statements (Continued)

### 23. 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>	Lease liabilities (b) <i>RMB'000</i>	Accrued expenses and others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>At 1 January 2022, as restated</b>	126,696	31,664	11,706	1,097,220	1,267,286
Credited/(charged) to profit or loss	65,415	43,088	(2,392)	(11,830)	94,281
<b>At 31 December 2022, as restated</b>	192,111	74,752	9,314	1,085,390	1,361,567
Credited/(charged) to profit or loss	71,961	(37,864)	(883)	(201,745)	(168,531)
<b>At 31 December 2023</b>	264,072	36,888	8,431	883,645	1,193,036

#### Deferred income tax liabilities:

	Investment properties revaluation <i>RMB'000</i>	Tax depreciation allowances <i>RMB'000</i>	Right-of-use- assets (b) <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>At 1 January 2022, as restated</b>	(1,338,267)	(827,308)	(11,706)	(9,432)	(2,186,713)
Credited/(charged) to profit or loss	61,062	(103,616)	2,392	(33,474)	(73,636)
<b>At 31 December 2022, as restated</b>	(1,277,205)	(930,924)	(9,314)	(42,906)	(2,260,349)
Credited/(charged) to profit or loss	45,150	(69,692)	368	19,513	(4,661)
<b>At 31 December 2023</b>	(1,232,055)	(1,000,616)	(8,946)	(23,393)	(2,265,010)

## Notes to the Consolidated Financial Statements (Continued)

### 23. 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 RMB1,297,845,000 (2022: RMB949,455,000) in respect of losses amounting to RMB5,191,379,000 (2022: RMB3,797,818,000) that can be carried forward against future taxable income, these tax losses will expire in the period from 2024 to 2028 as follows:

2024	Expiring in year ending 31 December					Total
	2025	2026	2027	2028		
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
344,060	444,126	1,297,640	1,558,969	1,546,584	5,191,379	

- (b) The deferred income tax assets and liabilities due to the temporary differences arising from lease liabilities and right-of-use assets (other than land use rights) have been restated separately in accordance with the requirements of Amendment to HKAS 12, which is effective for the Group's reporting period commencing on or after 1 January 2023.

## Notes to the Consolidated Financial Statements (Continued)

### 24. EXPENSES BY NATURE

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

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Depreciation of property, plant and equipment and right-of-use assets	209,231	211,863
Provision of impairment for properties under development and completed properties held-for-sale (Notes 13 and 14)	637,211	905,159
Employee benefit expense (Note 26)	1,147,178	1,117,626
Advertising costs	48,495	59,685
Cost of properties sold	9,881,338	8,977,560
Cost of goods sold and consumables used	223,079	183,759
Taxes and levies (other than income tax expenses)	400,576	334,534
Office and consumable expenses	90,315	69,884
Property management fee	142,723	129,828
Energy and utilities expenses	109,318	99,457
Consulting and service expenses	375,358	353,397
Repair and maintenance expenses	61,407	57,080
Short-term leases	11,523	11,617
Auditor's remuneration	7,240	7,240
Exhibition construction fee (i)	119,993	67,421
Others	79,626	67,867
	<b>13,544,611</b>	<b>12,653,977</b>

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



## Notes to the Consolidated Financial Statements (Continued)

### 25. OTHER INCOME AND GAINS/(LOSSES) – NET

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Loss on disposal of property, plant and equipment and investment properties	(1,476)	(138)
Gain on deregistration of a joint venture	20,678	–
Fair value losses on investment properties	(180,599)	(244,246)
Donation	(750)	(312)
Government grants	6,204	12,581
Penalty and compensation income	44,054	18,302
Penalty and compensation expense	(14,678)	(5,120)
Investment income	58,148	74,987
Others	23,127	8,447
	<b>(45,292)</b>	<b>(135,499)</b>

### Deferral and presentation of 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 profit or loss 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 asset as a reduced depreciation expense.

### 26. EMPLOYEE BENEFIT EXPENSE

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

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Wages, salaries and bonus	865,657	860,547
Social security costs	309,050	294,946
Retirement benefit costs – defined contribution plans (a)	115,417	111,161
	<b>1,290,124</b>	<b>1,266,654</b>
Less: capitalised in properties under development	(142,946)	(149,028)
	<b>1,147,178</b>	<b>1,117,626</b>

## Notes to the Consolidated Financial Statements (Continued)

### 26. 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 these plans, the Group was required to make monthly defined contributions to these plans at 16% of the employees' basic salary (subject to a floor and cap).

In addition, the Group provides an additional defined contribution plan to its employees. Each year, participants make contributions to the plan equaling 2% of their compensation (subject to a floor and cap) and the Group will contribute 6% of the abovementioned compensation to the plan for the participants.

During the year ended 31 December 2023, no forfeited contributions were utilised by the Group to reduce its contributions for the current year (2022: Nil).

Contribution totaling RMB10,508,000 (2022: RMB42,268,000) were payable to the funds of the above mentioned defined contribution plans at the year end.

#### (b) Five highest paid individuals

During the year ended 31 December 2023 and 2022, none of the directors of the Company is one of the five individuals whose emoluments were the highest in the Group. The emoluments payable to the remaining five (2022: five) highest paid individuals during the year are as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Basic salaries, bonus and other allowances	6,956	6,682
Employer's contribution to retirement benefit scheme	473	403
	<b>7,429</b>	7,085

## Notes to the Consolidated Financial Statements (Continued)

### 26. EMPLOYEE BENEFIT EXPENSE (CONTINUED)

#### (b) Five highest paid individuals (Continued)

The emolument fell within the following bands:

	<b>Number of individuals</b>	
	<b>Year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
Emolument bands		
Over RMB800,000 – RMB1,200,000 (equivalent to HK\$1,000,000 – HK\$1,500,000)	<b>4</b>	4
Over RMB2,670,000 – RMB3,050,000 (equivalent to HK\$3,000,000 – HK\$3,500,000)	<b>1</b>	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 2023 and 2022.

## Notes to the Consolidated Financial Statements (Continued)

### 27. FINANCE INCOME AND EXPENSES

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Interest expenses:		
– bank and other borrowings	(1,137,910)	(1,368,556)
– bonds and medium term notes	(279,522)	(289,595)
	(1,417,432)	(1,658,151)
Less: amounts capitalised in properties under development at a capitalization rate of 4.14% (2022: 4.94%) per annum	511,866	754,301
	(905,566)	(903,850)
Bank charges and others	(7,868)	(8,438)
Finance expenses	(913,434)	(912,288)
Finance income – interest income	80,273	127,661
Finance expenses – net	(833,161)	(784,627)

### 28. 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% (2022: 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	
	2023 RMB'000	2022 RMB'000
<b>Current income tax</b>		
– PRC enterprise income tax (“EIT”)	313,511	277,736
– PRC land appreciation tax	579,458	464,973
<b>Deferred income tax</b> (Note 23)	173,192	(20,645)
	1,066,161	722,064

## Notes to the Consolidated Financial Statements (Continued)

### 28. INCOME TAX EXPENSES (CONTINUED)

The tax on the Group's profit/(loss) 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	
	2023 RMB'000	2022 RMB'000
Profit/(loss) before income tax expense	1,076,351	(803,113)
Less: share of net (profit)/loss of investments accounted for using the equity method	(8,150)	59,033
	<b>1,068,201</b>	(744,080)
Tax calculated at the statutory tax rate of 25% (2022: 25%)	267,050	(186,020)
The effect of preferential income tax rate ( <i>Note b</i> )	(17,390)	–
Expenses not deductible for tax purposes	9,153	5,369
Tax losses not recognised	193,432	189,587
Not temporary differences recognised	190,456	344,281
Effect of the land appreciation tax in the PRC	434,594	348,730
Utilisation of previously unrecognised tax losses	(11,134)	(6,429)
Others ( <i>Note a</i> )	–	26,546
Income tax expenses	<b>1,066,161</b>	722,064

- (a) 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 were derecognised during the year ended 31 December 2022.
- (b) HKCR, a subsidiary of the Company, is entitled to enjoy a preferential income rate of 15% in accordance with the Notice of the State Administration of Taxation of the Ministry of Finance on the Preferential Income Tax Policy of Hainan Free Trade Port (Finance and Taxation [2020]31) starting from 2023, being the first profit making year of the subsidiary.

## Notes to the Consolidated Financial Statements (Continued)

### 29. EARNINGS/(LOSSES) PER SHARE

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

Diluted earnings/(losses) per share is equal to the basic earnings/(losses) per share since the Company has no potential dilutive ordinary shares during the years ended 31 December 2023 and 2022.

	Year ended 31 December	
	2023	2022
Profit/(loss) attributable to ordinary shareholders of the Company <i>(RMB'000)</i>	140,407	(1,471,352)
Number of ordinary shares in issue <i>(thousands)</i>	3,367,020	3,367,020
Earnings/(losses) per share (basic and diluted) <i>(RMB cents per share)</i>	4.17	(43.70)

### 30. DIVIDENDS

No dividend was paid in 2023 (2022: RMB33,670,000). Proposed dividends of 2023 and 2022 were as follows:

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
2023 proposed final dividend of RMB0.02 (2022: Nil) per share	67,340	–
	67,340	–

The Board recommended the payment of a 2023 final dividend of RMB0.02 per ordinary share. Total amount of the 2023 final dividend would be RMB67,340,000 which is calculated according to the ordinary shares in issue as of 31 December 2023. Such dividend is subject to approval by the shareholders at the 2023 Annual General Meeting. These consolidated financial statements do not reflect this dividend payable.

## Notes to the Consolidated Financial Statements (Continued)

### 31. CASH GENERATED FROM OPERATIONS

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Profit/(loss) before income tax	1,076,351	(803,113)
Adjustments for:		
– Net provision for impairment losses on financial assets	260,213	158,917
– Impairment for properties under development and completed properties held-for-sale (Notes 13 and 14)	637,211	905,159
– Depreciation of property, plant and equipment and right-of-use assets	209,231	211,863
– Fair value losses on investment properties	180,599	244,246
– Loss on disposal of property, plant and equipment and investment properties	1,476	138
– Investment income classified as investing cash flows	(58,148)	(74,987)
– Gains on deregistration of a joint venture	(20,678)	–
– Interest income	(80,273)	(127,661)
– Interest expense	905,566	903,850
– Share of net (profit)/loss of investments accounted for using the equity method	(8,150)	59,033
Operating profit before working capital changes	3,103,398	1,477,445
Changes in working capital:		
– Decrease in restricted bank deposits	323,191	506,287
– Decrease/(increase) in other inventories	1,569	(581)
– Decrease in properties under development and completed properties held-for-sale, net	8,410,087	5,608,670
– Decrease/(increase) in trade and other receivables and prepayments	618,421	(216,744)
– Decrease in trade and other payables	(1,734,465)	(1,037,896)
– Decrease in contract liabilities	(8,520,190)	(1,514,523)
Cash generated from operations	2,202,011	4,822,658



## Notes to the Consolidated Financial Statements (Continued)

### 31. 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						
	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	Total RMB'000
At 1 January 2023	(24,630,847)	(1,978,569)	(742,937)	(248,550)	(1,600,000)	(37,254)	(29,238,157)
Cash flows	5,099,253	80,619	(2,726,268)	(104,792)	(1,218,279)	31,111	1,161,644
New leases	-	-	-	-	-	(25,513)	(25,513)
Other changes							
Interest expense	(1,020,715)	(162,908)	(141,643)	-	(84,592)	(2,065)	(1,411,923)
Amortization of the bonds	(7,574)	-	-	-	-	-	(7,574)
Non-cash financing activities (Note 31(b)(i))	-	-	-	32,000	-	-	32,000
At 31 December 2023	(20,559,883)	(2,060,858)	(3,610,848)	(321,342)	(2,902,871)	(33,721)	(29,489,523)
At 1 January 2022	(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 31(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)

## Notes to the Consolidated Financial Statements (Continued)

### 31. CASH GENERATED FROM OPERATIONS (CONTINUED)

#### (b) Major non-cash investing or financing activities

- (i) During the year ended 31 December 2023, the Group's dividends receivables from joint ventures of RMB32,000,000 (2022: RMB210,641,000) have been offset against the amounts due to joint ventures.
- (ii) During the year ended 31 December 2023, the Group's dividends payable to the non-controlling interests of RMB287,236,000 (2022: RMB640,900,000) 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 Note 6 are considered as non-cash investing and financing activities.

### 32. 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 RMB7,137,252,000 as at 31 December 2023 (2022: RMB10,979,240,000).

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)

### 33. COMMITMENTS

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

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Properties under development		
– Contracted but not provided for	<b>5,162,143</b>	4,885,684
– Authorised but not contracted for	<b>2,197,717</b>	2,381,107
	<b>7,359,860</b>	7,266,791

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Investment properties and hotel properties		
– Contracted but not provided for	<b>10,247</b>	65,849
– Authorised but not contracted for	<b>3,349</b>	21,250
	<b>13,596</b>	87,099

- (b) At 31 December 2023 and 2022, the Group had future aggregate minimum lease rental receivables under non-cancellable operating leases as lessor as follows:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Rental receivables in respect of investment properties		
Not later than one year	<b>749,998</b>	895,319
Later than one year and not later than five years	<b>901,478</b>	1,051,982
Later than five years	<b>593,756</b>	715,845
	<b>2,245,232</b>	2,663,146

## Notes to the Consolidated Financial Statements (Continued)

### 34. TERMINATION BENEFITS

	2023			2022		
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000	Non-current RMB'000	Total RMB'000
Termination benefits	7,094	100,604	107,698	7,887	96,332	104,219

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 recognised 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	
	2023	2022
	RMB'000	RMB'000
Present value of unfunded obligations	107,698	104,219

The significant actuarial assumptions were as follows:

	2023	2022
Discount rate	2.25%-2.75%	2.25%-3.25%
Salary growth rate	6.00%-10.00%	10.00%

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

	Impact on defined benefit obligation		
	Change in assumption 2023	Increase in assumption 2023 RMB'000	Decrease in assumption 2023 RMB'000
Discount rate	One percentage point	Decrease by 21,687	Increase by 16,191
Salary growth rate	One percentage point	Increase by 247	Decrease by 243

## Notes to the Consolidated Financial Statements (Continued)

### 34. TERMINATION BENEFITS (CONTINUED)

	Change in assumption 2022	Impact on defined benefit obligation	
		Increase in assumption 2022 <i>RMB'000</i>	Decrease in assumption 2022 <i>RMB'000</i>
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

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.

### 35. 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 2023 and 2022, 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.

## Notes to the Consolidated Financial Statements (Continued)

### 35. RELATED PARTY TRANSACTIONS (CONTINUED)

For the years ended 31 December 2023 and 2022, 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”);
- Beijing Jinyu Real Estate Development Group Co., Ltd. (“JYDC”); and
- China State Construction Jiuhe Development Group Co., Ltd. (“JHDGC”, which has been deemed as a related party from 1 January 2023 as the related subsidiary become material to the Group).

JHDGC was deemed as a related party of the Group from 1 January 2023, hence, China State Construction Engineering Corporation (holding company of JHDGC) and its subsidiaries (“CSCEC”) were deemed as related parties of the Group for the current period.

## Notes to the Consolidated Financial Statements (Continued)

### 35. RELATED-PARTY TRANSACTIONS (CONTINUED)

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

In addition to the abovementioned transactions with the government controlled 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 as indicated:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
<b>Provision of services and rental income</b>		
Beijing North Star Exhibition Investment Co., Ltd. ("BNSEIC", controlled by the same ultimate parent company) (management service income, internet service income and rental income)	2,807	5,761
Beijing Chenxing International Exhibition Co., Ltd. ("BJCXIEC", controlled by the same ultimate parent company) (internet service income and rental income)	1,142	1,036
BNSIGC (internet service income and management service income)	2,847	104
Nanjing North Star Yangtze Conventional Co., Ltd. ("NJYZJ", a joint venture of the Company) (management service income)	3,915	—
Beichen Jingxi Science Fiction (Beijing) Convention and Exhibition Co., Ltd. ("BJSFCEC", a joint venture of the Company) (management service income and exhibition service income)	6,552	—
Beijing Beichen Yayun Village Automotive Exchange Market Center ("YVAEX", controlled by the same ultimate parent company) (management service income)	2,265	—
<b>Purchases of services and rental expenses</b>		
YVAEX (purchases of operating service)	—	160
BJSFCEC (purchases of exhibition service)	17,473	—
BNSIGC (brand royalty fee, rental expense and management service expense)	3,144	910
Beijing Asia Olympic Technology Co., Ltd. ("KCYA", an associate of BNSIGC) (purchases of various goods and services)	5,717	4,490
SZJW (consulting service fee)	849	—
CSCEC (purchases of construction service) (b)	823,924	—

(a) Provision/purchases of services and rental arrangement are carried out in accordance with the terms as mutually agreed between the parties in concern.

(b) The purchases of construction service are calculated based on the conducted construction in the current period, regardless of whether the relevant contracts were signed during or before the reporting period.



## Notes to the Consolidated Financial Statements (Continued)

### 35. RELATED-PARTY TRANSACTIONS (CONTINUED)

#### (ii) Loans from BNSIGC

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
At 1 January	1,601,907	2,102,950
Proceeds from loans	2,600,000	2,100,000
Repayments of loans	(1,300,000)	(2,600,000)
Interest accrued	84,592	85,233
Interest paid	(83,628)	(86,276)
At 31 December	2,902,871	1,601,907

On 26 October 2022, the Company obtained loans of RMB1,600,000,000 from BNSIGC, which is unsecured and bear interests at a fixed interest rate of 3.90% per annum. During the year ended 31 December 2023, the Company has repaid RMB1,300,000,000, and the remaining loan of RMB300,000,000 is repayable on 11 June 2024.

In January 2023, the Company obtained loans of RMB800,000,000 from BNSIGC, which are unsecured, bear interests at a fixed interest rate of 3.90% per annum, and are repayable by installment within three years.

On 28 November 2023, the Company obtained a loan of RMB200,000,000 from BNSIGC, which is unsecured, bears interests at a fixed interest rate of 3.90% per annum, and is repayable by installment within three years.

In December 2023, the Company obtained loans of RMB1,600,000,000 from BNSIGC, which are unsecured, bear interests at a fixed interest rate of 3.90% per annum, and are repayable by installment within three years.

#### (iii) Loans from JHDGC

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
At 1 January	529,935	—
Proceeds from loans	48,600	—
Repayments of loans	(134,127)	—
Interest accrued	31,121	—
Interest paid	(30,581)	—
At 31 December	444,948	—

The loans are unsecured, bear interests at a fixed interest rate of 6.50% per annum and are repayable within one year.

## Notes to the Consolidated Financial Statements (Continued)

### 35. RELATED-PARTY TRANSACTIONS (CONTINUED)

#### (iv) Project cooperation funds to a joint venture and associates

The Group has provided project cooperation funds to its joint venture, Wuhan Jincheningchuang 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 2023	WHJCYC(a) RMB'000	BJCX RMB'000	GZGY(b) RMB'000	Total RMB'000
At 1 January	367,190	23,564	651,516	1,042,270
Project cooperation funds granted	384	–	–	384
Repayments of project cooperation funds	(88,200)	–	(66,150)	(154,350)
Interest income accrued	19,341	–	41,335	60,676
Interest income received	(10,773)	(23,564)	(41,466)	(75,803)
At 31 December	287,942	–	585,235	873,177

Year ended 31 December 2022	WHJCYC(a) RMB'000	BJCX RMB'000	GZGY(b) 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

- (a) The funds to WHJCYC are unsecured, bear interests at fixed rate of 6.5% per annum and are repayable by installment within two year from August 2023.
- (b) The funds to GZGY are unsecured, bear interests at fixed rate of 6.5% per annum and are repayable by installment within two years from July 2023.

## Notes to the Consolidated Financial Statements (Continued)

### 35. RELATED-PARTY TRANSACTIONS (CONTINUED)

#### (v) 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”), BJSFCEC and its associate, Wuxi ChenWan Real Estate Co., Limited (“WXCW”), BJCX and from its non-controlling shareholders of certain subsidiaries of the Group, JYDC, WHJL and WHJD and a joint venture of BNSIGC, BJCXIEC and a subsidiary of BNSIGC, BNSEIC.

	WHML RMB'000	HZJH RMB'000	HZCX RMB'000	BJCX RMB'000	WXSJ RMB'000	WXCW RMB'000	WHJL RMB'000	WHJD RMB'000	BNSEIC RMB'000	JYDC RMB'000	BJCXIEC RMB'000	BJSFCEC RMB'000	Total RMB'000
At 1 January 2023	42,000	152,500	-	-	32,000	22,050	57,077	53,664	1,196	219	23,200	1,115	385,021
Funds obtained	-	-	-	96,220	-	-	-	-	-	-	-	45,712	141,932
Interest accrued	-	-	-	-	-	-	5,751	5,407	-	-	-	-	11,158
Repayment of funds (Note 35(xii))	-	-	-	-	(32,000)	-	-	-	(1,196)	-	(23,200)	(38,255)	(94,651)
Others	-	-	-	-	-	-	-	-	-	(160)	-	15	(145)
At 31 December 2023	42,000	152,500	-	96,220	-	22,050	62,828	59,071	-	59	-	8,587	443,315

	WHML RMB'000	HZJH RMB'000	HZCX RMB'000	BJCX RMB'000	WXSJ RMB'000	WXCW RMB'000	WHJL RMB'000	WHJD RMB'000	BNSEIC RMB'000	JYDC RMB'000	BJCXIEC RMB'000	BJSFCEC 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 obtained	-	-	-	-	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

The funds advanced from joint ventures and associates are unsecured, interest free and have no fixed terms of repayment.

Loans 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)

### 35. RELATED-PARTY TRANSACTIONS (CONTINUED)

#### (vi) Funds advanced to related parties

	<b>BNSIGC</b> <i>RMB'000</i>	<b>SZJW</b> <i>RMB'000</i>	<b>JYDC</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
At 1 January 2022	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 and 2023	–	79,000	416,500	495,500

The funds advanced to related parties are unsecured, interest free and have no fixed terms of repayment.

#### (vii) Advances to related parties

	<b>BJCXIEC</b> <i>RMB'000</i>	<b>WHML</b> <i>RMB'000</i>	<b>YVAEX</b> <i>RMB'000</i>	<b>BNSIGC</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
At 1 January 2023	–	–	–	–	–
Advances during the year	442	36	112	27	617
Repayments	(442)	(36)	(112)	(27)	(617)
At 31 December 2023	–	–	–	–	–

The funds advance to related parties are unsecured, interest free and have no fixed terms of repayment.

#### (viii) Key management compensation

	<b>Year ended 31 December</b>	
	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Salaries, bonus and other short-term employee benefits	20,924	20,833
Post-employment benefit	2,329	2,409
	<b>23,253</b>	23,242

## Notes to the Consolidated Financial Statements (Continued)

### 35. RELATED-PARTY TRANSACTIONS (CONTINUED)

#### (ix) Balances arising from purchases/provision of goods and services, advances and funds

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Trade and other receivables from related parties		
– SZJW	79,000	79,000
– GZGY	585,235	651,516
– WHJCYC	287,942	367,190
– BJCX	–	23,565
– JYDC	416,500	416,500
– BNSEIC	750	80
– NJYZJ	346	–
– BJSFCE	1,671	–
– BNSIGC	155	–
– YVAEX	185	–
	<b>1,371,784</b>	1,537,851
Trade and other payables to related parties		
– WHJL	–	3,057
– BNSIGC	713	1,907
– WHJD	–	2,874
– KCYA	3,209	4,573
– BNSEIC	–	1,196
– JYDC	59	219
– BJCXIEC	–	23,200
– BJSFCEC	9,136	1,115
– CSCEC	1,020,593	–
	<b>1,033,710</b>	38,141
Loans/advances from related parties		
– BNSIGC	2,902,871	1,600,000
– HZJH	152,500	152,500
– BJCX	96,220	–
– WHJL	62,828	54,020
– WHJD	59,071	50,790
– WHML	42,000	42,000
– WXSJ	–	32,000
– WXCW	22,050	22,050
– JHDGC	444,948	–
	<b>3,782,488</b>	1,953,360

As at 31 December 2023, loss allowance for receivables from related parties of RMB425,723,000 (At 31 December 2022: RMB174,913,000) have been recognised based on the expected credit loss model.

## Notes to the Consolidated Financial Statements (Continued)

### 35. RELATED-PARTY TRANSACTIONS (CONTINUED)

#### (x) Lease liabilities

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
BNSIGC (lease liability in respect of the Land)	<b>16,196</b>	15,908

- (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.

#### (xi) 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 was fully repaid in advance in 2023. The related joint liability counter-guarantee of BNSIGC has been released accordingly.

- (xii) The Group's joint venture, WXSJ, has declared a dividend of RMB80,000,000 in May 2023, among which dividend of RMB32,000,000 is entitled by the Group and has been offset against the amounts due to the joint venture.

The Group's joint venture, NJYZJ, has declared a dividend of RMB1,000,000 in December 2023, among which dividend of RMB490,000 is entitled by the Group.

## Notes to the Consolidated Financial Statements (Continued)

### 36. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	<i>Note</i>	<b>As at 31 December 2023 RMB'000</b>	2022 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Loans to subsidiaries		<b>8,274,077</b>	14,213,158
Right-of-use assets		<b>13,069</b>	8,319
Investment properties		<b>13,386,431</b>	13,374,179
Property, plant and equipment		<b>1,148,999</b>	1,205,763
Investments in subsidiaries		<b>8,314,230</b>	8,313,230
Investments accounted for using the equity method		—	—
Deferred income tax assets		<b>330,770</b>	301,258
Other receivables and prepayment		<b>363,545</b>	848,064
		<b>31,831,121</b>	38,263,971
<b>Current assets</b>			
Loans to subsidiaries		<b>14,341,214</b>	6,991,322
Completed properties held-for-sale		<b>125,826</b>	385,298
Other inventories		<b>34,865</b>	37,573
Trade and other receivables and prepayments		<b>347,895</b>	970,200
Restricted bank deposits		<b>13,551</b>	17,063
Cash and cash equivalents		<b>7,268,795</b>	5,412,813
		<b>22,132,146</b>	13,814,269
<b>Total assets</b>		<b>53,963,267</b>	52,078,240



## Notes to the Consolidated Financial Statements (Continued)

### 36. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

<i>Note</i>	<b>As at 31 December 2023 RMB'000</b>	2022 RMB'000
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long term borrowings	14,520,857	17,468,165
Lease liabilities	2,409	1,276
Loans from other parties	5,414,710	1,100,000
Employee termination benefit obligations	100,604	96,332
Deferred income tax liabilities	2,169,622	2,152,975
Deferred income	34,778	19,287
	<b>22,242,980</b>	20,838,035
<b>Current liabilities</b>		
Trade and other payables	1,633,175	1,802,385
Amount due to subsidiaries	7,094,383	7,792,208
Advances from other parties	151,426	192,670
Contract liabilities	122,841	205,784
Current income tax liabilities	460,404	610,272
Lease liabilities	22,083	16,938
Current portion of long term borrowings	4,936,159	3,779,682
	<b>14,420,471</b>	14,399,939
<b>Total liabilities</b>	<b>36,663,451</b>	35,237,974
<b>Net assets</b>	<b>17,299,816</b>	16,840,266
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	3,367,020	3,367,020
Other reserves	4,918,703	4,886,010
Retained earnings	9,014,093	8,587,236
<b>Total equity</b>	<b>17,299,816</b>	16,840,266

The balance sheet of the Company was approved by the Board of Directors of the Company on 21 March 2024 and was signed on its behalf.

**Li Wei Dong**  
*Director*

**Liang Jie**  
*Director*

## Notes to the Consolidated Financial Statements (Continued)

### 36. 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>
<b>At 1 January 2022</b>	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)
<b>At 31 December 2022</b>	<b>8,587,236</b>	<b>4,886,010</b>
<b>At 1 January 2023</b>	<b>8,587,236</b>	<b>4,886,010</b>
Profit for the year	<b>468,737</b>	–
Appropriation of statutory reserves	<b>(41,880)</b>	<b>41,880</b>
Other comprehensive income	–	<b>(9,187)</b>
<b>At 31 December 2023</b>	<b>9,014,093</b>	<b>4,918,703</b>

## Notes to the Consolidated Financial Statements (Continued)

### 37. 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 2023:

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	–	685	103	47	835
Ms. Li Yun (i)	–	644	94	43	781
Mr. Yang Hua Sen	–	607	103	47	757
Ms. Zhang Wen Lei	–	621	103	47	771
Mr. Guo Chuan	–	597	103	47	747
<i>Non-executive directors:</i>					
Mr. Chen De Qiu	150	–	–	–	150
Mr. Gan Pei Zhong	150	–	–	–	150
Mr. Zhou Yong Jian	150	–	–	–	150
	450	3,154	506	231	4,341

(i) Resigned from director on 6 December 2023.

## Notes to the Consolidated Financial Statements (Continued)

### 37. 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 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)

## 38 SUMMARY OF OTHER ACCOUNTING POLICIES

This note provides a list of other potentially material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the group consisting of Company and its subsidiaries.

### 38.1 Principles of consolidation and equity accounting

#### (i) *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 38.18).

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 income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

#### (ii) *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.

#### (iii) *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 38.1 (iv) below), after initially being recognised at cost in the consolidated balance sheet.

## Notes to the Consolidated Financial Statements (Continued)

### 38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

#### 38.1 Principles of consolidation and equity accounting (Continued)

(iv) *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 38.4.

(v) *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)

### 38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

#### 38.2 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment (if any). 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 profit or loss during the financial period in which they are incurred.

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 38.4).

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 38.4). When the assets concerned get ready for their intended use, the costs are depreciated in accordance with the policy as stated above. When the assets concerned are available for use, the costs are transferred to the appropriate categories of property, plant and equipment and depreciated in accordance with the policy as set out in Note 8.



## Notes to the Consolidated Financial Statements (Continued)

### 38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

#### 38.3 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 13) 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 8) 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.

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 profit or loss.

#### 38.4 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.

## Notes to the Consolidated Financial Statements (Continued)

### 38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

#### 38.5 Financial assets

(i) *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.

(ii) *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.

(iii) *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.

(iv) *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 notes 3.1(b) and 12 for further details.

## Notes to the Consolidated Financial Statements (Continued)

### 38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

#### 38.6 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.

#### 38.7 Trade receivables

Trade receivables are amounts due from customers for properties 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 38.5(iv) for a description of the Group's impairment policies.

#### 38.8 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.

## Notes to the Consolidated Financial Statements (Continued)

### 38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

#### 38.9 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.

#### 38.10 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.

#### 38.11 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.

## Notes to the Consolidated Financial Statements (Continued)

### 38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

#### 38.12 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.

(i) *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.

(ii) *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 and does not give rise to equal taxable and deductible temporary differences. 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.

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.

## Notes to the Consolidated Financial Statements (Continued)

### 38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

#### 38.12 Current and deferred income tax (Continued)

(ii) *Deferred income tax (Continued)*

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.

#### 38.13 Employee benefits

(i) *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.

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.

## Notes to the Consolidated Financial Statements (Continued)

### 38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

#### 38.13 Employee benefits (Continued)

(ii) *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.

(iii) *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 profit or loss when incurred.

(iv) *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.



## Notes to the Consolidated Financial Statements (Continued)

### 38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

#### 38.13 Employee benefits (Continued)

(v) *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.

#### 38.14 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.

#### 38.15 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)

### 38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

#### 38.16 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).

#### 38.17 Leases

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.

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

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)

### 38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

#### 38.17 Leases (Continued)

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.

Entity-specific details about the Group's leasing policy are provided in Note 7.

#### 38.18 Business combinations

(i) *Business combinations under common control*

The consolidated financial statements incorporates the financial statement items of the entities of businesses in which the common control combination occurs as if they had been consolidated from the date when the entities of businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in consideration for goodwill or excess of acquirer's 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 interest.

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.

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

## Notes to the Consolidated Financial Statements (Continued)

### 38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

#### 38.18 Business combinations (Continued)

(ii) *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.

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.

# Notes to the Consolidated Financial Statements (Continued)

## 38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

### 38.18 Business combinations (Continued)

#### (ii) *Business combinations not under common control (Continued)*

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.

### 38.19 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.

### 38.20 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 of the Company that makes strategic decisions.

## Notes to the Consolidated Financial Statements (Continued)

### 38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

#### 38.21 Foreign currency translation

(i) *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.

(ii) *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'.

#### 38.22 Inventories

*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.

#### 38.23 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.

## Notes to the Consolidated Financial Statements (Continued)

### 38 SUMMARY OF OTHER ACCOUNTING POLICIES (CONTINUED)

#### 38.24 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the company, on or before the end of the reporting period but not distributed at the end of the reporting period.

#### 38.25 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.

### 39. EVENTS AFTER THE BALANCE SHEET DATE

- (a) On 21 March 2024, the Board has resolved to recommend the payment of a final dividend of RMB0.02 per share for the year ended 31 December 2023 (2022: Nil).



## Supplementary Information

### RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the year ended 31 December 2023 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:

	Profit/(loss) 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	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
As stated in accordance with CAS	<b>68,064</b>	(1,575,516)	<b>12,845,583</b>	12,786,706
Impact of HKFRS adjustments				
1. Reversal of depreciation and impairment of investment properties	<b>200,782</b>	268,161	<b>2,621,558</b>	2,420,776
2. Fair value adjustment of investment properties under HKFRS	<b>(128,439)</b>	(138,638)	<b>4,077,029</b>	4,205,468
As stated in accordance with HKFRS	<b>140,407</b>	(1,445,993)	<b>19,544,170</b>	19,412,950

## Directors' Proposal on the Appropriation of Profit for the Year of 2023

In accordance with the relevant regulations and based on the actual situation of the Company, the Board of Beijing North Star Company Limited convened a meeting on 21 March 2024 and proposed that the appropriation of profit of the Company for the year of 2023 be as follows:

- I. The appropriation of profits after taxation shall be: 10% for Statutory Reserve Fund, 0% for Discretionary Reserve Fund and 90% for profit available for distribution.
- II. A final dividend of RMB0.02 per share in cash (Note) is proposed to be paid to the shareholders whose names appear on the register of shareholders of the Company after the close of business at 4:30 p.m. on Wednesday, 29 May 2024. If the proposal is approved by the shareholders at the 2023 annual general meeting of the Company, the final dividend is expected to be paid on or before Monday, 15 July 2024. Further announcement will be made as to the exact form of payment.
- III. This proposal is subject to the approval by the shareholders at the 2023 annual general meeting of the Company.

**Beijing North Star Company Limited**

*Note:*

According to the Law of the People's Republic of China on Enterprise Income Tax and the relevant implementation rules which came into effect on 1 January 2008, the Company is obliged to withhold and pay enterprise income tax at the rate of 10% on behalf of non-resident enterprise shareholders whose names appear on the H share register of shareholders of the Company when distributing the final dividend. Any shares registered in the name of the non-individual shareholders, including HKSCC Nominees Limited, other nominees, trustees or other organizations and groups will be treated as being held by non-resident enterprise shareholders and therefore the dividend payable to such shareholders will be subject to the withholding of the enterprise income tax.

## Corporate Information

Legal name of the Company:	北京北辰實業股份有限公司
English name of the Company:	Beijing North Star Company Limited
Registered address of the Company:	No. 8 Bei Chen Dong Road Chao Yang District, Beijing the PRC
Place of business of the Company:	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 (resigned on 29 January 2024) LEE Ka Sze, Carmelo
Person-in-charge on information disclosure:	GUO Chuan (resigned on 29 January 2024) HU Hao (appointed on 30 January 2024)
Enquiry unit for Company information disclosure:	Work department of the Board

## COMPANY INFORMATION ENQUIRY

Address:	12th Floor, Tower A, Hui Xin Building No. 8 Bei Chen Dong Road Chao Yang District, Beijing, the PRC
Postal code:	100101
Telephone:	(8610) 6499 1277, (8610) 6499 1055
Fax:	(8610) 6499 1352
Website:	<a href="http://www.beijingns.com.cn">www.beijingns.com.cn</a>

## Corporate Information (Continued)

### REGISTRATION

Date and place of first registration:	2 April 1997, Beijing, the PRC
Creditability code:	91110000633791930G

### AUDITORS

<i>PRC auditor:</i>	PricewaterhouseCoopers Zhong Tian LLP
Address:	11th Floor PricewaterhouseCoopers Center Link Square 2 202 Hu Bin Road, Huangpu District Shanghai, the PRC
Postal code:	200021
Telephone:	(8621) 2323 8888
Fax:	(8621) 2323 8800
<i>International auditor:</i>	PricewaterhouseCoopers <i>Certified Public Accountants</i> Registered Public Interest Entity Auditor
Address:	22/F, Prince's Building Central, Hong Kong
Telephone:	(852) 2289 8888
Fax:	(852) 2810 9888

## Corporate Information (Continued)

### LEGAL ADVISERS

*PRC lawyer:*

Beijing Da Cheng Solicitors Office

Address:

16-21F, Tower B  
Zhaotai International Center  
10 Chaoyangmen Nandajie  
Chaoyang District, Beijing  
the PRC

Postal code:

100020

Telephone:

(8610) 5813 7799

Fax:

(8610) 5813 7788

*Hong Kong lawyer:*

Woo Kwan Lee & Lo

Address:

26/F, Jardine House, 1 Connaught Place  
Central, Hong Kong

Telephone:

(852) 2847 7999

Fax:

(852) 2845 9225