北京北辰實業股份有限公司

BEIJING NORTH STAR COMPANY LIMITED

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

(Stock Code: 588)

2013 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the "**Board**") of Beijing North Star Company Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2013 (the "**Period**"), based on the condensed consolidated interim financial information which has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants and relevant requirements of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The 2013 condensed consolidated interim financial information of the Company has not been audited but has been reviewed by the Board and the audit committee of the Company (the "**Audit Committee**").

For the six months ended 30 June 2013, the Group achieved a revenue of RMB2,866,755,000, representing an increase of 7.17% over the same period of the previous year. Operating profit was RMB991,157,000, representing an increase of 15.55% over the same period last year. Profit attributable to equity holders of the Company was RMB555,725,000, representing an increase of 12.41% over the same period last year. Among others, the core operating results of the Company's principal business were RMB419,805,000, an increase of 15.42% from last year, and the gain (after taxation) on changes in fair value of investment properties was RMB135,920,000, representing an increase of 4.04% over the same period last year.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

		Unaudited	
		Six months ended 30 June	
		2013	2012
	Note	***RMB'000***	*RMB'000*
Revenue	2	**2,866,755**	2,674,901
Cost of sales		**(1,668,485)**	(1,645,780)
Gross profit		**1,198,270**	1,029,121
Selling and marketing expenses		**(120,842)**	(93,937)
Administrative expenses		**(268,017)**	(244,350)
Fair value gains on investment properties		**181,227**	174,197
Other gains/(losses) – net		**519**	(7,272)
Operating profit		**991,157**	857,759
Finance income		**7,034**	8,309
Finance costs		**(165,537)**	(178,708)
Finance costs – net		**(158,503)**	(170,399)
Share of loss of an associate and a jointly controlled entity		**(679)**	—
Profit before income tax	2	**831,975**	687,360
Income tax expenses	4	**(262,211)**	(193,552)
Profit for the period		**569,764**	493,808
Profit attributable to:			
— Equity holders of the Company		**555,725**	494,382
— Non-controlling interests		**14,039**	(574)
		569,764	493,808

	Note	2013 RMB Cents per share	2012 RMB Cents per share
Earnings per share attributable to the equity holders of the Company during the period			
— Basic and diluted		**16.50**	14.68
Dividend	5	**—**	—

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Profit for the period	**569,764**	493,808
Other comprehensive income	**—**	—
Total comprehensive income for the period	**569,764**	493,808
Attributable to:		
— Equity holders of the Company	**555,725**	494,382
— Non-controlling interests	**14,039**	(574)
	569,764	493,808

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	**Unaudited 30 June 2013** *RMB'000*	Audited 31 December 2012 *RMB'000*
ASSETS			
Non-current assets			
Land use rights		**1,027**	1,043
Investment properties		**11,432,700**	11,238,200
Property, plant and equipment		**2,100,075**	2,165,326
Investment in an associate and a jointly controlled entity		**6,600**	7,279
Deferred income tax assets		**46,331**	41,311
		13,586,733	13,453,159
Current assets			
Properties under development		**16,606,909**	15,333,378
Completed properties held for sale		**2,399,290**	3,464,188
Other inventories		**96,732**	99,411
Trade and other receivables	6	**591,580**	556,451
Restricted bank deposits		**144,426**	279,121
Cash and cash equivalents		**4,871,274**	2,576,752
		24,710,211	22,309,301
Total assets		**38,296,944**	35,762,460
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**3,367,020**	3,367,020
Other reserves		**4,196,383**	4,196,244
Retained earnings			
— Proposed final dividend		**—**	202,021
— Others		**7,608,914**	7,053,189
		15,172,317	14,818,474
Non-controlling interests		**79,566**	86,654
Total equity		**15,251,883**	14,905,128

	Note	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
LIABILITIES			
Non-current liabilities			
Long term borrowings		**8,185,731**	7,255,409
Long term payables		**7,745**	7,745
Deferred income tax liabilities		**1,636,304**	1,569,659
		9,829,780	8,832,813
Current liabilities			
Trade and other payables	7	**7,488,533**	7,301,015
Current income tax liabilities		**320,187**	405,615
Current portion of long term borrowings		**4,156,561**	3,117,889
Short term borrowings		**1,250,000**	1,200,000
		13,215,281	12,024,519
Total liabilities		**23,045,061**	20,857,332
Total equity and liabilities		**38,296,944**	35,762,460
Net current assets		**11,494,930**	10,284,782
Total assets less current liabilities		**25,081,663**	23,737,941

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended 30 June 2013 have been prepared in accordance with HKAS 34 'Interim financial reporting'. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

These condensed consolidated interim financial statements have been reviewed, not audited.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

(a) The following new and amended standards are mandatory for the first time for financial year beginning 1 January 2013 and have been adopted by the Group for the financial period ended 30 June 2013. The adoption of these new accounting policies has no material impact on the financial statements of the Group in the current period and prior years.

- HKAS 19 (Amendment), 'Employee benefits'
- HKFRS 10, 'Consolidated financial statements'
- HKFRS 11, 'Joint arrangements'
- HKFRS 12, 'Disclosures of interests in other entities'
- HKFRS 13, 'Fair Value Measurement'
- HKFRS 1 (Amendment), 'Government Loans'
- HKFRS 7 (Amendment), 'Financial instruments: Disclosures - Offsetting financial assets and financial liabilities'
- HKAS 1 (Amendment), ' Presentation of financial statement '

- HKAS 16 (Amendment), 'Property, Plant and Equipment'
- HKAS 27 (Revised), 'Consolidated and Separate Financial Statements'
- HKAS 28 (Revised), 'Investments in Associates and joint ventures'
- HKAS 32 (Amendment), 'Financial Instruments: Presentation'
- HKAS 34 (Amendment), 'Interim Financial Reporting'
- HKFRS 1 (Amendment), 'First-time Adoption of Hong Kong Financial Reporting Standards'

(b) New and amended standards relevant to the Group that have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted

- HKFRS 9, 'Financial instruments'

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

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

2. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions.

The Board considers the business from a product/service perspective. From a product/service perspective, management assesses the performance of development properties, commercial properties, and investment properties and hotels. Development properties are the segment which involves in sales of developed properties; commercial properties are the segment which involves in operation of retailing business in supermarkets and shopping centers; investment properties and hotels are the segment which involves in operation of rental departments, office buildings, conference center, and hotels.

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

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

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

Turnover consists of sales from development properties, commercial properties, and investment properties and hotels segments. Revenues recognised during the six months ended 30 June 2013 and 30 June 2012 are as follows:

	Unaudited Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Revenue		
Development properties	**1,634,205**	1,452,438
Commercial properties	**174,815**	202,837
Investment properties and hotels	**1,001,607**	960,517
	2,810,627	2,615,792
All other segments	**56,128**	59,109
	2,866,755	2,674,901

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

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

			Unaudited		
Business segment	**Development properties**	**Commercial properties**	**Investment properties and hotels**	**All other segments**	**Total Group**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2013					
Total segment revenue	1,634,205	174,815	1,007,421	75,257	2,891,698
Inter-segment revenue	—	—	(5,814)	(19,129)	(24,943)
Revenue from external customers	1,634,205	174,815	1,001,607	56,128	2,866,755

Business segment	Development properties	Commercial properties	Unaudited Investment properties and hotels	All other segments	Total Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Profit before Tax	355,720	5,767	332,139	(6,280)	687,346
Six months ended 30 June 2012					
Total segment revenue	1,452,438	202,837	968,261	83,011	2,706,547
Inter-segment revenue	—	—	(7,744)	(23,902)	(31,646)
Revenue from external customers	1,452,438	202,837	960,517	59,109	2,674,901
Profit before Tax	275,587	13,507	293,094	478	582,666

Business segment	Development properties	Commercial properties	Investment properties and hotels	All other segments	Total Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 30 June 2013 (Unaudited)					
Total segment assets	21,229,391	1,093,536	6,101,922	58,974	28,483,823
Total segment assets include:					
Additions to non-current assets					
(other than deferred tax assets)	12,512	225	22,462	1,574	36,773
As at 31 December 2012 (Audited)					
Total segment assets	20,969,332	1,111,754	6,282,492	85,198	28,448,776
Total segment assets include:					
Additions to non-current assets					
(other than deferred tax assets)	2,223	2,178	39,187	2,790	46,378

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

	Unaudited Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Profit before income tax for reportable segments	**687,346**	582,666
Corporate overheads	**(32,839)**	(20,865)
Corporate finance costs	**(160,109)**	(172,676)
Corporate finance income	**589**	1,120
Share of loss from an associate and a jointly controlled entity	**(679)**	—
Fair value gains on investment properties	**181,227**	174,197
Reversal of depreciation of investment properties	**83,564**	93,881
Land appreciation tax	**71,085**	27,246
Others	**1,791**	1,791
Profit before income tax	**831,975**	687,360

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

	Unaudited As at 30 June 2013	Audited As at 31 December 2012
	RMB'000	*RMB'000*
Total segments' assets	**28,483,823**	28,448,776
Deferred income tax assets	**46,331**	41,311
Corporate cash	**3,214,975**	986,461
Investment in an associate and a jointly controlled entity	**6,600**	7,279
Aggregated fair value gains on investment properties	**5,311,930**	5,130,703
Reversal of accumulated depreciation of investment properties	**1,246,747**	1,163,183
Others	**(13,462)**	(15,253)
Total assets per balance sheet	**38,296,944**	35,762,460

The Company and its subsidiaries are domiciled in the People's Republic of China (the "PRC" or "China") and all the revenue from external customers of the Group are derived in the PRC for the six months ended 30 June 2013 and 2012.

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

There has been no material change in total liabilities from the amount disclosed in the last annual financial statements.

At 30 June 2013 and 31 December 2012, all the Group's non-current assets other than deferred tax assets (there are no employment benefit assets and rights arising under insurance contracts) are located in the PRC.

The Group has a large number of customers, and there is no significant revenue derived from specific external customers for the six months ended 30 June 2013 and 2012.

3. OPERATING PROFIT

The following items have been credited/(charged) to the operating profit during the period:

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Investment properties at fair value through profit or loss:		
— fair value gains	**181,227**	174,197
Provision for impairment of receivables	**(1)**	(10)
Loss on disposal of property, plant and equipment and investment properties	**(176)**	(5,582)

4. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the six months ended 30 June 2013 and 2012. The PRC enterprise income tax is computed according to the relevant laws and regulations in the PRC. The applicable income tax rate for the six months ended 30 June 2013 and 2012 is 25%.

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Current income tax		
PRC enterprise income tax	**129,501**	76,100
PRC land appreciation tax	**71,085**	27,246
Deferred income tax	**61,625**	90,206
	262,211	193,552

5. DIVIDEND

A dividend that relates to the year ended 31 December 2012 amounting to RMB 202,021,000 was approved by the Annual General Meeting in June 2013 and paid in July 2013 (Dividend related to the year ended 31 December 2011: RMB 101,011,000).

The Board resolved that no interim dividend will be declared in respect of the six months ended 30 June 2013 (Six months ended 30 June 2012: nil).

Total dividend paid by the Group to the equity holders of the Company is nil for the six months ended 30 June 2013 (Six months ended 30 June 2012: nil).

6. TRADE AND OTHER RECEIVABLES

As at 30 June 2013 and 31 December 2012, the Group's trade and other receivables include trade receivables, prepaid tax, other prepayments and receivables.

The majority of the Group's sales are on cash or advance basis. The remaining amounts are with credit terms of 30 to 90 days. At 30 June 2013 and 31 December 2012, the ageing analyses of the trade receivables were as follows:

	Unaudited As at 30 June 2013 *RMB'000*	Audited As at 31 December 2012 *RMB'000*
Trade receivables		
0 - 30 days	**25,387**	24,691
31 - 90 days	**18,273**	5,592
Over 90 days	**18,112**	21,119
	61,772	51,402

7. TRADE AND OTHER PAYABLES

As at 30 June 2013 and 31 December 2012, the Group's trade and other payables mainly include trade payables, advance from customers, accrued construction costs, accrued interest and other payables. The ageing analysis of the trade payables (including amounts due to related parties of trading in nature) were as follows:

	Unaudited As at 30 June 2013 *RMB'000*	Audited As at 31 December 2012 *RMB'000*
Trade payables		
0 - 180 days	**133,807**	586,365
181 - 365 days	**274,329**	48,348
Over 365 days	**336,717**	337,444
	744,853	972,157

Reconciliation of Consolidated Interim Financial Information

The Group has prepared a separate set of consolidated interim financial statements for the six months ended 30 June 2013 in accordance with Chinese Accounting Standards ("CAS") issued by the China Ministry of Finance. The differences between the financial information prepared under the CAS and HKFRS issued by the Hong Kong Institute of Certified Public Accountants are summarised as follows:

	Profit attributable to equity holders of the Company		**Capital and reserves attributable to equity holders of the Company**	
		For the six months ended 30 June	**As at 30 June**	As at 31 December
	2013	2012	**2013**	2012
	Unaudited	Unaudited	**Unaudited**	Audited
	RMB'000	*RMB'000*	**RMB'000**	*RMB'000*
As stated in accordance with CAS	**355,789**	291,980	**10,263,404**	10,109,497
Impact of HKFRS adjustments:				
1. Reversal of depreciation of investment properties under CAS	**62,673**	70,411	**935,060**	872,387
2. Fair value adjustment of investment properties under HKFRS, net of tax	**135,920**	130,648	**3,983,945**	3,848,025
3. Differences on revaluation of certain assets upon the reorganisation in 1997	**1,343**	1,343	**(10,092)**	(11,435)
As stated in accordance with HKFRS	**555,725**	494,382	**15,172,317**	14,818,474

THE BOARD'S DISCUSSION AND ANALYSIS ON THE COMPANY'S OPERATION DURING THE REPORTING PERIOD

I. Operating Environment

In the first half of 2013, faced with slow recovery of the world economy and the global environment, China insisted on the keynote of macroeconomic policy, "proceeding while maintaining stability". By accelerating the adjustment to, and transformation of, the economic development, focusing on the promotion of consumption and expanding domestic demand through the implementation of a proactive fiscal policy and stable monetary policy, the overall price standard remained stable. GDP growth rate was still above target despite signs of slowing down, showing that the national economy was developing steadily.

1. Development Properties

In the first half of 2013, the national real estate market somewhat fluctuated under the influence of the macroeconomic control policy. However, due to the strong demand, the development investment in the market fully rebounded, trading volume and prices of first and second-tier cities both increased and the land market was also gradually warming up. According to the information from the National Bureau of Statistics (the same applied hereafter), sale areas of commodity residential units in the country for the first half of the year increased by 30.4% over the same period last year to 460,896,600 m^2, representing a rise of 41.6 percentage points as compared to the same period last year. Average trading price of commodity residential units increased by 12.0% over the previous year to RMB6,122 per m^2, representing a rise of 6.7 percentage points as compared to the growth in the same period last year.

In the first quarter, Beijing's real estate market had been recovering as sales indicators continued to improve. The growth of volume and price moderated in the second quarter after the promulgation and implementation of Beijing rules of the five national rules (國五條). However, the overall supply and demand was still booming. In the first half of the year, area sold and sales amount of commodity residential units in Beijing increased by 25.0% and 38.2% over the same period last year, respectively, to 5,991,600 m^2 and RMB112,289,000,000, respectively. The average trading price was RMB18,741 per m^2, representing a rise of 10.6% as compared to the same period last year.

The transaction volume of Changsha's residential housing sharply increased due to huge rigid demand and demand for better housing in the market. Changsha's real estate market exhibited positive momentum due to the quick rush and continued cultivation of brand developers, active public trading of land, and sustained growth in development and investment. In the first half of 2013, the trading area and amount of commodity residential units in Changsha's real estate market increased by 27.7% and 31.7% over the same period last year to 7,089,100 m^2 and RMB41,072,000,000, respectively. The average trading price of commodity residential units was up to RMB5,794 per m^2, representing a rise of 3.2% as compared to the same period of 2012.

2. Investment Properties (including hotels)

On the back of China's great endeavours to restructure the economic growth, coupled with the rapid development of the service industry, the investment properties (including hotels) market showed a favourable prospect of development. The vacancy rate of the office building market hit a historical low under the influence of limited growth in new supply. Leveraging opportunities arising from the upgrading of urban consumption, the occupancy rate and the average price of the high-grade hotel market continued to edge up. The demand in the apartment market grew steadily and the market saw continuous improvement in the efficiency of operation. Driven by the effort to build Beijing as "one of the best five cities in the world for international conventions (全球國際會議五強舉辦地之一)", the convention and exhibition industry witnessed rapid improvement in its international influence and role in boosting the economy.

3. Commercial Properties

Due to the effect of the concentrated development of commercial projects in recent years and gradual launch of new supply to the market, the market of commercial property tended to be saturated. Coupled with the impact on traditional commercial activities and customer diversion brought by the emerging online shopping, the oversupply in Beijing commercial property market is difficult to change in the short term and market competition is becoming intense. From the perspective of development trend, with customers' diversified willingness of consumption, the complex shopping center business which could withstand the impact of electronic business saw gradual acceptance and recognition as the mainstream development model.

II. Review of Operations During the Reporting Period

In face of the complex and volatile macro economy and the highly competitive micro market of the industry, the Company actively focused on its overall objective: building a large-scale first-class integrated real estate operating company of the country by expanding development models and marketing ideas, seizing market opportunities, making efforts to improve sales, further intensifying functional district of Beichen Convention and Exhibition and promoting the three major development strategies, i.e. capital expansion, brand expansion and low-cost expansion. The Company's core competitiveness and capability for sustainable development continued to improve. In the first half of 2013, the Company recorded an operating revenue of RMB2,866,755,000, representing a year-on-year increase of 7.17%. Under the effect of the changes in the billing cycle of the real estate project development over last year, the profit before tax and the profits attributable to equity holders increased by 21.04% and 12.41% over the same period last year to RMB831,975,000 and RMB555,725,000, respectively, wherein the core operating results of the Company's principal business increased by 15.42% over the same period last year to RMB419,805,000. Earnings per share was RMB0.1650, increased by 12.41% as compared to the same period of 2012. In addition, during the reporting period, the Company imposed strict control over various costs and expenditure to maintain costs and expenses to be on par with the budget benchmark.

1. Development Properties

The Company conducted an in-depth research and assessment of the trend of the real estate market development under macroeconomic control, and adjusted its marketing strategies accordingly. By sharpening its competitive edge in project development and increasing marketing efforts, the Company achieved favourable operating results. In particular, Beichen • Xianglu, with the introduction of stronger marketing initiatives to have a firm grip on the opportunities arising from market rally, recorded significant growth in sales, with approximately 206 contracts signed, amounting to RMB627,430,000 in the first half of the year. For Bihai Fangzhou, construction had come to the final stage and efforts were made in facilitating the signing of subscribed villas. The Company also speeded up the construction of Mapo Project and the second phase of Changhe Yushu Project in a bid to contribute to sales performance as soon as possible.

Apart from the smooth operation of projects in Beijing, the Company continuously accelerated the development and promotion of Beichen Delta Project. Relating to construction, for the high-end product line, construction of the wall of the 800,000 m^2 mega urban complex along the River in A1 and D1 Blocks had basically completed. For the ordinary estate product line, construction of the structure of D2 Block had completed ahead of schedule, while the construction of E3 Block reached the third floor above ground on average of the construction capacity. In addition, in order to keep enhancing the price to cost performance and additional value of the projects, the Company expedited the improvement of ancillary facilities. Yali Middle School (雅禮中學) (Campus), a key middle school in Changsha and Qingshuitang Primary School (清水塘小學) (Campus), passed the final inspection upon completion and will begin admitting students in September. Relating to marketing, the Company made use of its overall competitive advantages in project development and its strength in ancillary service. The Company continuously innovated sales mode, promoted sales of large housing products, and achieved contracted sales with major customers, which laid a solid foundation for the completion of the annual sales plan.

During the reporting period, the operating revenue of the development properties segment of the Company recorded RMB1,634,205,000 (including car parks), representing a year-on-year increase of 12.51%, which was attributable to the changes in the billing cycle of real estate project development. Due to structural changes in settlement of projects, profit before tax of the development properties segment was RMB355,720,000, representing a year-on-year increase of 29.08%. In the first half of 2013, the Company achieved area commenced construction of 194,000 m^2, area under construction of 1,928,000 m^2. The development properties segment achieved contracted sales and sale areas of RMB2,051.01 million (including car parks) and 139,000 m^2 respectively, representing a sustained share in regional market.

2. Investment Properties (including hotels)

The Company fully capitalised on the comprehensive operating advantages in investing in integrated properties led by conventions. Through measures such as co-sale of convention and exhibition, specialisation in operation, upgrade in infrastructure, and segmentation of the market to adjust its service and positioning, the Company fully explored its potential in operation and steadily increased its benefits. In the first half of 2013, the investment properties (including hotels) of the Company recorded revenue from principal businesses of RMB1,001,607,000, representing a year-on-year increase of 4.28%. Without taking into account the amortisation of interest expenses, profit before tax amounted to RMB332,139,000, posting a remarkable year-on-year growth of 13.32%. In particular, the economic benefits of new projects including National Convention Centre, North Star Times Tower as well as North Star Century Centre delivered steady growth and recorded RMB231,500,000 in profit before tax, representing 69.70% of the profit for the whole investment properties (including hotels) segment and also outperforming in their operations. Besides, in the first half of 2013, gain on changes in fair value of investment properties (before tax) amounted to RMB181,227,000, representing a year-on-year increase of 4.04%.

With the Company's best endeavour in building the functional district of Beichen Convention and Exhibition and the return of CIFTIS (京交會), National Convention Centre has become the first choice for major conventions in Beijing and even across the nation. With quality service reaching the standards for the Olympics, National Convention Centre hosted 610 conventions and 36 exhibitions during the reporting period, including the 2nd CIFTIS and the 3rd Beijing International Film Festival, and significantly enhanced the profile and influence of Beichen Convention and Exhibition. Through differentiated operation and marketing, Beijing International Convention Centre kept expanding its market shares in the small- and medium-sized convention market, and maintained steady growth in operating results. Besides, the Company further enhanced the implementation of its strategy of brand expansion. Drawing experience from the trustee administration of two convention centre projects outside Beijing in 2012, the Company provided early consultation service to Nanchang International Convention Centre in the first half of 2013, which not only showcased the status of Beichen Convention and Exhibition in the industry and its soft power in promoting its brand, but also diversified the operation mode of "parallel development of the investment business of heavy assets and the service business of light assets".

As for the office building segment, the rents of North Star Times Tower and North Star Century Centre, which were near full occupancy, hit the upper range of rents for office buildings of similar quality. That was achieved through optimising the customer structure based on the change in supply-demand relationship in the market. The rents had become a major source of profit in the segment of investment properties (including hotels).

3. Commercial Properties

In an increasingly competitive market environment, the Company attached importance to improving its ability in attracting businesses and deepened its efforts in combining different segments and brands. Its endeavours in improving customer experience and consumer satisfaction were paid off with steady operation in properties.

During the reporting period, the operating revenue from the business of commercial properties decreased by 13.82% year on year to RMB174,815,000. As competition heated up in the market and new projects were still at their infant stage, the profit before tax decreased by 57.30% year on year to RMB5,767,000.

III. Competition and Development in the Industry

2013 is a critical year for China to continue its past efforts in implementing the "Twelfth Five-Year Plan". Facing a sluggish recovery around the world and a slowdown in the domestic economy, China will adhere to its general principle of making progress while maintaining stability. It will carry out an active fiscal policy and a stable monetary policy, strengthen her management of liquidity expectations, accelerate economic restructuring, stimulate consumption growth, and stabilise the general price level to maintain the stable and sound momentum of China's economy.

Regarding property development, maintaining a stable market development will help alleviate pressure from the economic downturn given the prominence of the real estate industry in the national economy. In the second half of the year, keeping a firm grip on investment and speculative demand will remain to be the keynote of the macroeconomic control from the perspective of policies. From the market perspective, demand for self-use housing and demand from end-users remain robust and enterprises are becoming more capable of risk aversion. However, a shift in the monetary policy targeting the real estate industry may curb the property market. In general, the property market is expected to continue to recover and both prices and turnover will rise steadily in the second half of the year. All these factors will provide a favourable external environment for the stable operation of the Company's property development.

For investment properties (including hotels) and commercial properties, Beijing gathered pace in fashioning itself into a "hub of international events" and a "hub of headquarters of world-class high-end enterprises" during the period of the "Twelfth Five-Year Plan", which provided key strategic opportunities for the rapid development of convention and service economies. The establishment of the network of "four horizontal and four vertical" dedicated high-speed railway lines based in Beijing and the formation of the "two-hour transportation circle" within major cities in Beijing, Tianjin and Hebei Province will also strengthen the cohesion and traction of Beijing's convention and service industries in the peripheral cities. In addition, through endeavours to unleash the potential of domestic demand which serves as the main drive of facilitating the changes in China's economic growth, as well as the continuous introduction of favourable policies and astounding development of the consumption market by government and relevant authorities, Beijing's commercial properties are expected to enjoy abundant opportunities. With quality investment properties (including hotels) and commercial properties of over 1,200,000 m^2 held and operated, the robust market demand, vast development opportunities as well as strong government support will all positively facilitate the operation of the properties held by the Company.

IV. The Company's Development Strategies

1. Development Properties

The Company will conduct in-depth research on the changes in market trends and the needs of customers, continue to bring about more innovative marketing modes, with a focus on improving the products' quality and turnover rate. Management standardisation will be adopted to further improve the management of project development. In addition, the Company will vigorously seek opportunities in the market and achieve low-cost expansion by open tradings, acquisitions, mergers and joint developments, with an aim to selectively increase its land bank and expand the new real estate business mode, so as to reinforce the core competitiveness and sustainable development capability of its development properties.

As the new economic sub-center and cultural center in Changsha, Changsha North Star Delta Project will seize the opportunities of the launch of the riverside mega urban complex in A1 and D1 Blocks and the student admission and opening of semesters of key schools. With a focus on these two themes of commercial resources and educational resources, it will further improve the price to performance ratio and attractiveness of its products and offer support in sales for residential property in E3 Block which is to enter the market in the second half of the year. Regarding engineering and construction, the Company has basically completed the construction of A1 and D1 Blocks and will fully explore the commercial value of the properties along the railway network and accomplish seamless connection among the new construction group of B1, E1, B2 and E2 Blocks and the Changsha Metro Line 1, so as to create the first theme open commercial district at the superstructure of the metro line station in Changsha and further improve the business and commercial sentiment of the project as well as its comprehensive competitiveness.

In respect of the projects in Beijing, based on ensuring the construction going on smoothly for each project, the Company will implement a systematic marketing planning and preparation for sales, making the best endeavours to ensure robust sales of the public project of Beichen Fudi and Phase II of Changhe Yushu Garden Villas Project upon commissioning.

In the second half of 2013, the Company anticipates area commenced construction of 602,000 m^2, area under construction of 2,530,000 m^2 and area completed construction of 584,000 m^2. It will also strive to accomplish sale areas of 243,000 m^2 and contracted sales of RMB3,560 million (including car parks).

2. Investment Properties (including hotels)

In response to Beijing's efforts in fashioning itself into a "hub of international events" and a "hub of headquarters for world-class high-end enterprises", the Company grasp the opportunities that so arise. Through accurate anticipation of market changes, segmentation of customers' needs, active adjustment of its operation strategies and strengthening of marketing and expansion, the Company will increase customer satisfaction and strive for a stable increase in the revenue. Besides, leveraging the existing brand influence and soft power of North Star Convention and Exhibition, the Company will actively innovate new development modes, accelerate the implementation of its brand expansion strategy and intensify the promotion of management for convention and exhibition venues with an aim to accomplish a parallel development of both investment business of heavy assets and the service business of light assets, thus creating a new pattern for the Company's innovative development.

3. Commercial properties

Based on the changes in the retail market, the Company will further expand promotion and marketing activities of the commercial properties, so as to fully leverage on its advantages on joint promotion of multi-projects, and strive to enhance its operation capability and the operating efficiency of assets.

V. Potential Risks of the Company

The Company's development problems and risks are mainly derived from market risks and short-term operating risks.

1. Market risks of property development

The upward trend of house prices is expected to maintain in the second half of 2013 under the accelerated urbanisation and the quick lease of rigid demand and demand for better housing. The growth in both the prices and volume in the land market will remain as driven by the mismatch between supply and demand and the expected rise in the real estate market. If the housing prices and land prices cannot be effectively controlled, more stringent measures may be drawn for the macroeconomic control on the real estate market following the five national rules (國五條). If that happens, the real estate market will be subject to greater uncertainty over the medium and short term. Since a property project involves a longer operation cycle, in case material fluctuation takes place in the market, the Company's operation stability and post sales of real estates may be subject to risks.

With the market risks of property development mentioned above as the focus, the Company will conduct in-depth research on the changes in market trends and the needs of customers and innovate the mode of marketing, with a focus on improving the products' quality and turnover rate. Management standardisation will be adopted to further improve the management of the projects' development. In addition, the Company will vigorously seek opportunities in the market and achieve low-cost expansion by open trading, acquisition, merger and joint development, with an aim to selectively increase its land bank and expand the new real estate business, so as to reinforce the core competitiveness and sustainable development capability of its development properties.

2. The Company's short-term operating risks

Regarding property development, although Phase II of the Changhe Yushu Garden Villas project has obtained relevant permit and is to commence construction in the fourth quarter of 2012, more time is still needed for completion and delivery of the villas as well as for recognition of income, which will cause the Company's high profit margin products available for settlement in short term to reduce in quantity and will therefore affect its operating results.

Addressing the Company's short-term operating risks above for the phase II of the low-density projects of Changhe Yushu Garden Villas, the Company has obtained relevant documentation. It will launch pre-sale as appropriate in the future whilst speeding up quality construction and development to contribute to the Company's sale performance as early as possible.

DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE

Financial resources and liquidity

As at 30 June 2013, the capital and reserve attributable to the Company's equity holders increased by 2.39% compared to 31 December 2012. The increase was primarily attributable to additional profit attributable to equity holders of the Company of RMB555,725,000 during the Period.

The Group's bank borrowings as at 30 June 2013 amounted to RMB10,400,401,000, among which the Group had long-term bank borrowings of RMB6,150,401,000 secured by certain investment properties, properties, plants and equipment, properties under development and completed properties held for sale. As at 30 June 2013, the net amount for the Group's 10-year corporate bonds was RMB1,492,940,000 as at the end of the Period, and balances of the 5-year corporate bonds as at the end of the Period amounted to RMB1,698,950,000. The gearing ratio of the Group was 60.17% (calculated by dividing total liabilities by total assets) as at the end of the reporting period.

Current assets of the Group, which is mainly comprised of cash at bank and on hand, trade and other receivables, completed properties held for sale and properties under development for sale, amounted to RMB24,710,211,000, whereas the Group's current liabilities amounted to RMB13,215,281,000. As at 30 June 2013, the balance of cash at bank and on hand amounted to RMB4,871,274,000 (excluding restricted bank deposits).

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

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. The abovementioned financial guarantees provided in phases will have no material effects on the financial position of the Group. As at 30 June 2013, the outstanding amount of financial guarantees provided in phases was RMB1,924,583,000 (31 December 2012: RMB614,940,000).

SHARE CAPITAL AND SHAREHOLDERS

Share Capital

The Company's registered capital as at 30 June 2013 totalled 3,367,020,000 shares in issue, comprising:

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

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2013, the following person, other than a director, supervisor or chief executive of the Company, had 5% or more interests or short positions in the shares and underlying shares of the Company as recorded in the register of interests in the shares and short positions required to be kept under Section 336 of Part XV of the Securities and Futures Ordinance ("**SFO**"):

Long Positions in Shares of the Company

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

Save as disclosed above, the register required to be kept under Section 336 of Part XV of the SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 30 June 2013.

Note: Pursuant to the document titled "Implementation measure for the transfer of part of the state-owned shares to the National Social Security Fund in domestic securities market (Cai Qi [2009] No. 94)"（《境內證券市場轉持部分國有股充實全國社會保障基金實施辦法》（財企[2009]94號））and announcement no. 63 of 2009 jointly issued by the Ministry of Finance of the PRC, the State-owned Assets Supervision and Administration Commission of the State Council, the China Securities Regulatory Commission and the National Council for Social Security Fund, 150,000,000 shares held by BNSIGC, the controlling shareholder of the Company, are frozen at present.

INTERESTS OF DIRECTORS AND SUPERVISORS OF THE COMPANY

As at 30 June 2013, none of the directors, supervisors, chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "**Model Code**"). None of the directors, supervisors, chief executives of the Company or their associates had been granted or had exercised any such rights during the six months ended 30 June 2013.

CORPORATE GOVERNANCE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code. Having made specific enquiries to all directors and supervisors of the Company, the Company confirms that its directors and supervisors have complied with the required standards as set out in the Model Code during the six months ended 30 June 2013.

AUDIT COMMITTEE

The Audit Committee has been established by the Company to review and supervise the financial reporting process and internal control measures of the Company. The Group's unaudited interim results for the six months ended 30 June 2013 have been reviewed by the Audit Committee and the Board. The Audit Committee comprises three independent non-executive directors of the Company, namely Mr. LONG Tao, Mr. GAN Pei-Zhong and Mr. WONG Yik Chung.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

DESIGNATED DEPOSITS AND DUE FIXED DEPOSITS

As at 30 June 2013, the Group had no designated deposits that were placed with financial institutions in the PRC. All of the Group's cash deposits have been placed with commercial banks in the PRC in compliance with relevant laws and regulations. The Group has not experienced any incidents of not being able to withdraw bank deposits when due.

EMPLOYEES

As at 30 June 2013, the Company had 4,832 employees. Adjustments of employees' remuneration will be made according to the Company's results and profitability and are determined by assessing the correlation between the total salary paid to employees and the economic efficiency of the Company. The policy contributes to the management of the Company's remuneration expenses while employees will be motivated to work hard for good results and development of the Company. Save for the remuneration policies disclosed above, the Company does not maintain any share option scheme for its employees and the employees do not enjoy bonus. The Company regularly provides administrative personnel with trainings on various subjects, including operation management, foreign languages, computer skills, industry know-how and policies and laws, in different forms, such as seminars, site visits and study tours.

STAFF QUARTERS

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

PUBLICATION OF INTERIM REPORT

The Company's 2013 interim report which sets out all the information required by the Listing Rules will be published on the designated website of the Stock Exchange at http://www.hkexnews.hk and on the website of the Company at http://www.beijingns.com.cn in due course.

DOCUMENT FOR INSPECTION

The original copy of the 2013 interim report, signed by the Chairman, will be available for inspection at the Secretariat of the Board, of which the address is:

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

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

Beijing, the PRC
7 August 2013

As at the date of this announcement, the Board comprises 9 directors, of which Mr. HE Jiang-Chuan, Mr. LI Chang-Li, Ms. ZHAO Hui-Zhi, Mr. HE Wen-Yu, Mr. LIU Jian-Ping and Mr. ZENG Jin are executive directors and Mr. LONG Tao, Mr. GAN Pei-Zhong and Mr. WONG Yik Chung are independent non-executive directors.