Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

2015 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "**Board**") of Beijing North Star Company Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2015 as set out below:

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December **2015** *RMB'000*	2014 *RMB'000*
Revenue	2	**7,185,973**	6,233,623
Cost of sales	3	**(4,388,068)**	(3,467,106)
Gross profit		**2,797,905**	2,766,517
Selling and marketing expenses	3	**(411,289)**	(320,018)
Administrative expenses	3	**(680,809)**	(699,399)
Fair value gains on investment properties		**22,420**	161,206
Other gains/(losses) – net		**1,686**	(3,862)
Operating profit		**1,729,913**	1,904,444
Finance income	4	**71,684**	42,362
Finance expenses	4	**(449,616)**	(376,767)
Finance expenses – net	4	**(377,932)**	(334,405)
Share of loss of investments accounted for using the equity method		**(6,831)**	(669)
Profit before income tax		**1,345,150**	1,569,370
Income tax expenses	5	**(561,098)**	(733,013)
Profit for the year		**784,052**	836,357
Profit attributable to:			
Owners of the Company		**760,687**	779,992
Non-controlling interests		**23,365**	56,365
		784,052	836,357
Earnings per share attributable to the owners of the Company during the year (basic and diluted) *(expressed in RMB cents per share)*	6	**22.59**	23.17

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Profit for the year	**784,052**	836,357
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Reclassification of revaluation of properties newly transferred to investment properties	**93,787**	–
Other comprehensive income for the year, net of tax	**93,787**	–
Total comprehensive income for the year	**877,839**	836,357
Attributable to:		
Owners of the Company	**854,474**	779,992
Non-controlling interests	**23,365**	56,365
	877,839	836,357

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Land use rights		**320,470**	329,122
Investment properties		**12,396,300**	11,574,900
Property, plant and equipment		**2,272,152**	2,887,656
Investments accounted for using the equity method		**14,705**	28,398
Deferred income tax assets		**210,306**	172,932
Trade and other receivables	8	**–**	277,500
		15,213,933	15,270,508
Current assets			
Properties under development		**22,966,299**	16,100,770
Completed properties held for sale		**8,053,187**	7,774,754
Other inventories		**67,267**	78,527
Trade and other receivables	8	**1,651,243**	940,103
Restricted bank deposits		**471,236**	257,157
Cash and cash equivalents		**6,104,157**	4,052,623
		39,313,389	29,203,934
Total assets		**54,527,322**	44,474,442

CONSOLIDATED BALANCE SHEET (Continued)

		As at 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**3,367,020**	3,367,020
Other reserves		**4,346,651**	4,261,968
Retained earnings		**8,887,245**	8,365,110
		16,600,916	15,994,098
Non-controlling interests		**603,618**	172,566
Total equity		**17,204,534**	16,166,664
LIABILITIES			
Non-current liabilities			
Long term borrowings		**17,085,264**	13,650,224
Long term payables		**5,282**	6,186
Deferred income tax liabilities		**1,778,548**	1,697,714
		18,869,094	15,354,124
Current liabilities			
Trade and other payables	9	**12,978,427**	9,721,868
Current income tax liabilities		**824,753**	772,036
Current portion of long term borrowings		**4,158,300**	1,309,750
Short term borrowings		**492,214**	1,150,000
		18,453,694	12,953,654
Total liabilities		**37,322,788**	28,307,778
Total equity and liabilities		**54,527,322**	44,474,442

Notes:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRS**"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties which are carried at fair value.

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015:

- Amendments from annual improvements to HKFRSs-2010-2012 Cycle, on HKFRS 8, 'Operating segments', HKAS 16, 'Property, plant and equipment' and HKAS 38, 'Intangible assets' and HKAS 24, 'Related party disclosures'.

- Amendments from annual improvements to HKFRSs-2011–2013 Cycle, on HKFRS 3, 'Business combinations', HKFRS 13, 'Fair value measurement' and HKAS 40, 'Investment property'.

The adoption of amendments are not material to the Group.

(b) New Hong Kong Companies Ordinance (Cap. 622)

- In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(c) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- HKFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

- HKFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 'Revenue' and HKAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of HKFRS 15.

- Amendments to HKFRS 10 and HKAS 28, ’sale or contribution of assets between an investor and its associate or joint venture’ address an inconsistency between HKFRS10 and HKFRS 28 in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The effective date of the standard has now been deferred and early application is permitted. The Group is assessing the impact of HKFRS 10 and HKAS28.

- Amendments to HKAS 27, ‘Equity method in separate financial statements’ allows entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The standard is effective for annual periods beginning on or after 1 January 2016 and earlier application is permitted. The Group is assessing the impact of HKAS27.

There are no other HKFRSs or HK (IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

2. SEGMENT INFORMATION

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

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

Other business of the Group mainly comprises property management, restaurant and recreation operations, 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 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, corporate cash and loans granted, which are managed on a centralised basis; the investment properties are measured at cost; certain assets injected by the state-owned shareholder are measured at the revaluated cost. These are part of the reconciliation to total balance sheet assets.

Total liabilities mainly exclude deferred 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.

Revenue consists of sales from development properties, investment properties and hotels and commercial properties. Revenues recognised during the years ended 31 December 2015 and 31 December 2014 are as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Revenue		
Development properties	**4,527,036**	3,709,222
Investment properties and hotels	**2,322,017**	2,112,147
Commercial properties	**232,124**	288,645
	7,081,177	6,110,014
All other segments	**104,796**	123,609
	7,185,973	6,233,623

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

The segment information provided to the Board for the reportable segments for the year ended 31 December 2015 is as follows:

Business segment	Development properties *RMB'000*	Investment properties and hotels *RMB'000*	Commercial properties *RMB'000*	All other segments *RMB'000*	Total Group *RMB'000*
Total revenues	**4,527,584**	**2,342,034**	**232,124**	**142,912**	**7,244,654**
Inter-segment revenues	**(548)**	**(20,017)**	**–**	**(38,116)**	**(58,681)**
Revenues (from external customers)	**4,527,036**	**2,322,017**	**232,124**	**104,796**	**7,185,973**
Profits/(losses) before income tax	**716,009**	**680,266**	**(17,868)**	**(17,505)**	**1,360,902**
Depreciation and amortization	**3,403**	**283,999**	**39,187**	**3,993**	**330,582**
Finance income	**12,353**	**4,397**	**838**	**1,873**	**19,461**
Finance expenses	**–**	**–**	**–**	**–**	**–**
Share of loss from investments accounted for using the equity method	**–**	**–**	**–**	**–**	**–**
Adjusted income tax expenses	**469,425**	**170,639**	**(2,339)**	**(4,346)**	**633,379**

The segment information provided to the Board for the reportable segments for the year ended 31 December 2014 is as follows:

Business segment	Development properties *RMB'000*	Investment properties and hotels *RMB'000*	Commercial properties *RMB'000*	All other segments *RMB'000*	Total Group *RMB'000*
Total revenues	3,711,001	2,121,274	288,645	177,442	6,298,362
Inter-segment revenues	(1,779)	(9,127)	–	(53,833)	(64,739)
Revenues (from external customers)	3,709,222	2,112,147	288,645	123,609	6,233,623
Profits/(losses) before income tax	687,102	555,547	5,011	(22,910)	1,224,750
Depreciation and amortization	3,136	274,645	39,350	6,069	323,200
Finance income	9,963	3,713	1,129	2,602	17,407
Finance expenses	–	–	–	–	–
Share of loss from investments accounted for using the equity method	–	–	–	–	–
Adjusted income tax expenses	618,660	138,887	3,749	(3,731)	757,565

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 consolidated income statement.

The segment information as at 31 December 2015 and 31 December 2014 is as follows:

Business segment	Development properties	Investment properties and hotels	Commercial properties	All other segments	Total Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2015					
Total segments' assets	**34,663,509**	**7,591,690**	**442,848**	**121,006**	**42,819,053**
Total assets include:					
Investments accounted for using the equity method	**–**	**–**	**–**	**–**	**–**
Additions to non-current assets (other than deferred tax assets)	**6,398**	**175,961**	**196**	**25,729**	**208,284**
Total segments' liabilities	**27,912,062**	**3,329,362**	**160,889**	**190,361**	**31,592,674**
As at 31 December 2014					
Total segments' assets	27,603,945	5,903,706	1,060,336	111,163	34,679,150
Total assets include:					
Investments accounted for using the equity method	–	–	–	–	–
Additions to non-current assets (other than deferred tax assets)	2,564	1,359,688	302	9,088	1,371,642
Total segments' liabilities	19,247,179	3,276,657	193,154	218,452	22,935,442

The amounts provided to the Board with respect to total assets are measured in a manner consistent with that of the 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.

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

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Profit before income tax for reportable segments	**1,360,902**	1,224,750
Corporate overheads	**(110,560)**	(89,459)
Corporate finance expenses	**(438,763)**	(366,301)
Corporate finance income	**52,223**	24,955
Share of loss of investments accounted for using the equity method	**(56)**	(669)
Fair value gains on investment properties	**22,420**	161,206
Reversal of depreciation of investment properties	**172,285**	167,432
Land appreciation tax	**283,119**	443,876
Others	**3,580**	3,580
Profit before income tax	**1,345,150**	1,569,370

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

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Total segments' assets	**42,819,053**	34,679,150
Deferred income tax assets	**210,306**	172,932
Corporate cash	**3,955,376**	2,525,613
Interest in investments accounted for using the equity method	**14,705**	28,398
Loans granted	**413,697**	277,500
Aggregated fair value gains on investment properties	**5,449,115**	5,301,646
Reversal of accumulated depreciation of investment properties	**1,669,583**	1,497,296
Others	**(4,513)**	(8,093)
Total assets per balance sheet	**54,527,322**	44,474,442
Total segments' liabilities	**31,592,673**	22,935,442
Deferred income tax liabilities	**1,778,548**	1,697,714
Corporate borrowings	**3,252,423**	3,237,437
Other corporate liabilities	**699,144**	437,185
Total liabilities per balance sheet	**37,322,788**	28,307,778

The reconciliation of the Group's depreciation and amortisation for reportable segments and corresponding amount per disclosure for property, plant and equipment and land use rights are mainly reversal of depreciation of investment properties and other related adjustments amounting to RMB172,285,000 (2014: RMB167,400,000).The Company and its subsidiaries were incorporated in the PRC and all the revenue from external customers of the Group are derived in the PRC for the years ended 31 December 2015 and 2014.

The reconciliation of reportable segments' income tax expenses and total income tax expenses is amounting to RMB72,281,000 (2014: RMB24,552,000), impacted by aforementioned reconciliation items including corporate overheads, corporate financial expenses, corporate financial income, fair value gains on investment properties, reversal of depreciation of investment properties and others.

At 31 December 2015 and 31 December 2014, 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 year ended 31 December 2015 and 2014.

3. EXPENSES BY NATURE

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

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Depreciation	**150,761**	157,038
Amortisation	**8,652**	32
Provision of impairment for receivables	**118**	2,914
Employee benefit expense	**702,134**	622,240
Advertising costs	**113,042**	69,941
Cost of properties sold		
– Land use rights	**815,908**	955,869
– Finance cost capitalised in cost of properties	**257,813**	230,197
– Development costs	**1,872,164**	944,380
Cost of goods for resale	**132,262**	168,982
Cost of consumables used	**188,356**	155,342
Business tax	**368,136**	301,890
Other taxation	**150,556**	125,991
Office and consumption expenses	**186,511**	168,382
Energy expenses	**138,937**	129,024
Consulting and service expenses	**164,394**	178,373
Repair and maintenance expenses	**111,327**	146,169
Operating leases	**36,275**	26,476
Auditor's remuneration	**7,400**	7,500
Others	**75,420**	95,783
Total cost of sales, selling and marketing expenses and administrative expenses	**5,480,166**	4,486,523

4. FINANCE INCOME AND EXPENSES

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Interest expense:		
– bank and other borrowings	**(1,171,892)**	(901,692)
– bonds	**(185,996)**	(63,875)
	(1,357,888)	(965,567)
Less: amounts capitalised in properties under development at a capitalisation rate of 7.22% (2014: of 7.07%) per annum	**919,125**	599,266
Finance expenses	**(438,763)**	(366,301)
Bank charges and others	**(10,853)**	(10,466)
Finance income – interest income	**71,684**	42,362
Net finance expenses	**(377,932)**	(334,405)

5. 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% (2014: 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	
	2015	2014
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax	**265,781**	354,440
– PRC land appreciation tax	**283,119**	443,876
Deferred income tax	**12,198**	(65,303)
	561,098	733,013

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the local statutory tax rate of the home country of the Company as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Profit before income tax	**1,345,150**	1,569,370
Add: share of loss of investments accounted for using the equity method	**6,831**	669
	1,351,981	1,570,039
Tax calculated at the statutory tax rate of 25% (2014: 25%)	**337,995**	392,510
Expenses not deductible for tax purposes	**6,699**	3,138
Tax losses not recognized	**4,064**	3,741
Effect of higher tax rate for the appreciation of land in the PRC	**212,340**	332,907
Reversal of deferred tax which could not be realised	**–**	717
Income tax expenses	**561,098**	733,013

6. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the number of shares in issue during the year.

Diluted earnings per share are equal to the basic earnings per share since the Company has no potential dilutive ordinary shares during the years ended 31 December 2015 and 2014.

	Year ended 31 December	
	2015	2014
Profit attributable to owners of the Company *(RMB'000)*	**760,687**	779,992
Number of ordinary shares in issue *(thousands)*	**3,367,020**	3,367,020
Earnings per share (basic and diluted) *(RMB cents per share)*	**22.59**	23.17

7. DIVIDEND

The dividends paid for the years ended 31 December 2015 and 2014 were RMB202,021,000 and RMB202,021,000 respectively. Proposed dividends of 2015 and 2014 were as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Interim dividend paid	**–**	–
2015 proposed RMB0.06 per share final dividend (2014: RMB0.06 per share)	**202,021**	202,021
	202,021	202,021

8. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**59,075**	72,588
Less: provision for impairment of receivables	**(78)**	(1,156)
Trade receivables – net	**58,997**	71,432
Other receivables	**154,093**	127,866
Less: provision for impairment of receivables	**(14,836)**	(14,723)
Other receivables – net	**139,257**	113,143
Prepaid tax	**789,560**	660,237
Receivables due from related parties	**413,697**	277,500
Other prepayments	**218,729**	83,052
Interests receivable	**31,003**	12,239
	1,651,243	1,217,603
Less: non-current portion: Receivables due from related parties	**–**	(277,500)
Current portion	**1,651,243**	940,103

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

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 2015 and 2014, the ageing analysis of the trade receivables were as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
0 – 30 days	**18,623**	18,991
31 – 90 days	**3,492**	41,374
Over 90 days	**36,960**	12,223
	59,075	72,588

The credit terms in connection with sales of properties granted to the customers are set out in the sale and purchase agreements and vary from agreements. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

Other receivables

The Group does not have formal contractual credit terms agreed with the counterparties but the other receivables are usually settled within 12 months. As a result, the Group regards any receivable balance within a 12-month credit period as not overdue. At 31 December 2015 and 2014, the ageing analysis of the other receivables were as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
0 – 12 months	**116,155**	99,733
12 – 24 months	**13,902**	7,189
Over 24 months	**24,036**	20,944
	154,093	127,866

9. TRADE AND OTHER PAYABLES

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Advances from customers *(a)*	**7,018,307**	5,401,732
Trade payables	**2,449,678**	2,085,977
Dividends payable to non-controlling interests of a subsidiary	**1,162**	1,162
Accrued construction costs	**437,472**	857,810
Accrued interest	**323,042**	65,383
Amounts due to non-controlling interests	**1,651,808**	517,439
Other payables	**1,096,958**	792,365
	12,978,427	9,721,868

(a) The balance mainly represents advances received from purchasers of the Group's properties to be delivered in future. The advances are unsecured and free of interest.

At 31 December 2015 and 2014, the ageing analyses of the trade payables (including amounts of trading nature due to related parties) were as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
0 – 180 days	**526,636**	639,137
181 – 365 days	**224,662**	991,793
Over 365 days	**1,698,380**	455,047
	2,449,678	2,085,977

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the year ended 31 December 2015 in accordance with the Basic Standard and 38 specific Standard of the China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC on 15 February 2006, and the Application Guidance for Accounting Standard for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter ("**CAS**"). The differences between the financial statements prepared under CAS and HKFRS are summarised as follows:

	Profit attributable to owners of the Company for the year ended 31 December		**Capital and reserves attributable to owners of the Company as at 31 December**	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
As stated in accordance with CAS	**611,972**	530,825	**11,265,270**	10,900,954
Impact of HKFRS adjustments				
1. Reversal of depreciation of investment properties under CAS	**129,214**	125,575	**1,252,187**	1,122,973
2. Fair value adjustment of investment properties under HKFRS	**16,815**	120,906	**4,086,836**	3,976,234
3. Difference on revaluation of certain assets upon the reorganisation in 1997	**2,686**	2,686	**(3,377)**	(6,063)
As stated in accordance with HKFRS	**760,687**	779,992	**16,600,916**	15,994,098

PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2015 have been agreed upon by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. 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 this preliminary results announcement.

RESULTS AND DIVIDEND

The Group's revenue increased by 15.28% to RMB7,185,973,000. The Group's profit attributable to owners for the year ended 31 December 2015 decreased by 2.48% as compared with the same period of last year to RMB760,687,000.

The Board has recommended the payment of a final dividend of RMB0.06 per share (2014: RMB0.06 per share) for the year ended 31 December 2015, totalling RMB202,021,000 to those shareholders whose names appear on the register of shareholders on Tuesday, 7 June 2016. Subject to the approval of the shareholders at the forthcoming annual general meeting of the Company, the final dividend is expected to be payable on or before Monday, 25 July 2016.

CLOSURE OF REGISTER OF SHAREHOLDERS

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

The register of shareholders of the Company will be closed from Monday, 25 April 2016 to Wednesday, 25 May 2016 (both days inclusive), during which no transfer of the Company's shares will be registered for the purpose of ascertaining the shareholders' entitlement to attend and vote at the 2015 annual general meeting. In order to be eligible to attend and vote at the 2015 annual general meeting, all completed transfer documents relating to H shares, accompanied by the relevant share certificates, must be lodged with the H share registrar of the Company, Hong Kong Registrars Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 22 April 2016.

Subject to the approval of the shareholders at the 2015 annual general meeting, the proposed final dividend will be payable to the shareholders whose names appear on the register of shareholders of the Company on Tuesday, 7 June 2016. The register of shareholders of the Company will be closed from Tuesday, 31 May 2016 to Tuesday, 7 June 2016 (both days inclusive), during which no transfer of the Company's shares will be registered for the purpose of ascertaining the shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all completed transfer documents relating to H shares, accompanied by the relevant share certificates, must be lodged with the H share registrar of the Company in Hong Kong, Hong Kong Registrars Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 30 May 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

I. OPERATING ENVIRONMENT

In 2015, China's economy development steps into new normal. Facing pressure from downturning macro-economy and structural adjustment, the country and relevant governmental authorities adopted proactive fiscal policy, prudent monetary policy, and related industry stimulation policy to stabilize the economic growth, introducing measures to reduce interest rates, reduce reserve-requirement ratio, increasing investment in infrastructure, maintaining innovation-driving and strengthening risk prevention and control, ensuring the steady running of national economy and keeping the growth rate in reasonable range, and the GDP growth rate for the whole year remained at 6.9%.

1. Development Properties

Due to multiple favorable policies in 2015, the real estate market started to pick up gradually, sales area gradually increased and sales price started to show a growth tendency. However, oversupply still existed in some cities on account of large stocking, and differentiation between cities aggravated. The land market tended to recover rapidly at the end of year as the sales of commodity housing turned better in the second half of 2015, and prime land sites appeared frequently in first- and second-tier cities. According to the statistics of the National Bureau of Statistics (the same applied hereinafter), commodity housing sales area in the real estate market of China for 2015 was 1,124.06 million square meters, rising 6.9% over the same period last year and the corresponding average sales price was RMB6,472 per square meter, rising 9.1% over the same period last year.

Among first-tier cities, Beijing had its real estate market quickly picked up due to the introduction of multiple favorable policies and under the influence of fast-paced release of house purchasing demands. At the same time, subject to insufficient supplies from the supply-end, the market was in short supply, leading to rapid price increase. In the background of cumulated influence of supply reduction and land purchasing rebound of real estate emprises, the floor price and turnover premium rate continued to rise. Sales area and the sales amount of commodity housing in Beijing for 2015 were respectively 11.27 million square meters slightly down 0.9% and RMB251.3 billion, up 19.5% respectively over the same period last year. The average selling price was RMB22,300 per square meter, up 20.5% over the same period last year.

Following the relaxation of property-purchasing limitations and limiting credits policy and the introduction of a series of measures such as reduction of interest rate and reserve-requirement ratio, tax exemption and adjustment of central provident fund in second-tier and other cities, the supply and demand contradiction in real estate market was somehow eased and the trade volume increased apparently. In some cities, however, destocking is still the core problem to be solved due to overstock in the early stage. Among all these cities that the Company has successfully entered:

Sales area and sales amount of commodity housing in the real estate market in Changsha were 16.87 million square meters and RMB93.5 billion respectively, up 26.7% and 28.7% respectively over the same period last year and the corresponding average transaction price was RMB5,544 per square meter, up 1.6% over the same period last year;

Sales area and sales amount of commodity housing in the real estate market in Wuhan were 24.14 million square meters and RMB202.8 billion respectively, up 22% and 38.5% respectively over the same period last year and the corresponding average transaction price was RMB8,404 per square meter, up 13.6% over the same period last year;

Sales area and sales amount of commodity housing in the real estate market in Hangzhou were 12.92 million square meters and RMB190.6 billion respectively, up 35.7% and 42.6% respectively over the same period last year and the corresponding average transaction price was RMB14,748 per square meter, up 5.1% over the same period last year;

Sales area and sales amount of commodity housing in the real estate market in Nanjing were 14.29 million square meters and RMB160.9 billion respectively, up 27.1% and 30.5% respectively over the same period last year and the corresponding average transaction price was RMB11,260 per square meter, up 2.7% over the same period last year.

Sales area and sales amount of commodity housing in the real estate market in Hefei were 12.86 million square meters (down 3% over the same period last year) and RMB96.6 billion (up 5.3% over the same period last year) respectively and the corresponding average transaction price was RMB7,512 per square meter, up 8.6% over the same period last year.

Sales area and sales amount of commodity housing in the real estate market in Suzhou were 19.41 million square meters and RMB200.6 billion respectively, up 34.2% and 43.9% respectively over the same period last year and the corresponding average transaction price was RMB10,335 per square meter, up 7.2% over the same period last year;

Sales area and sales amount of commodity housing in the real estate market in Chengdu were 24.47 million square meters and RMB161.1 billion respectively, slightly down 1.2% and 0.4% respectively over the same period last year and the corresponding average transaction price was RMB6,584 per square meter, slightly up 0.7% over the same period last year;

Sales area and sales amount of commodity housing in the real estate market in Langfang were 10.38 million square meters and RMB86.2 billion respectively, up 23.1% and 30.6% respectively over the same period last year and the corresponding average transaction price was RMB8,297 per square meter, up 6.1% over the same period last year.

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

With the economic development entering the new normal and optimization of economic development structure and vigorous expansion of service industry in Beijing, investment properties (including hotels) market presents a good state as a whole, among which office buildings market saw a great demand guided by the policy to vigorously develop headquarter economy and construct "high-grade, precise and advanced" economic structure of the capital in Beijing City. However, the vacancy rate and rent level remained stable as affected by the increase in supply and the slowdown of growth of net take-up rate. As for convention and exhibition market, the State Council released *Several Opinions on Further Promoting the Reform and Development of Exhibition Industry*, which systematically sets the strategic objective and main tasks for the development of exhibition industry at the national level and provides powerful external support for the rapid development of convention and exhibition market. After experiencing long-termed market adjustment, the hotel industry and catering industry began to recover slowly with indices, including number of persons received, business revenue, average room rate and occupancy rate, growing stably. The supply and demand of apartments was slightly changed and the rent tended to rise stably.

3. ***Commercial Properties***

Under the dual pressures of economic slowdown and the rise of online retailing, the comprehensive operation cost of commercial properties rose while the gross margin narrowed constantly. Faced with fierce market competition, traditional business is now speeding up to integrate itself with e-commerce for the purpose of promoting transformation and innovation of commercial properties.

II. REVIEW OF OPERATIONS DURING THE REPORTING PERIOD

In the year of 2015, facing situation changes and fierce competition under the new normal of economic development, the Company continued to insist on the development strategy of focusing on both heavy-asset investment business and light-asset service business, the three expansion strategies of capital expansion, brand expansion and low-cost expansion. It also continued to innovate operation concept, business model and development route with outstanding results.

In the year of 2015, revenue of the Company was RMB7,185,973,000, up 15.28% over the same period last year as a result of the increase in settled area resulting from property development and the growth of the operation results of investment property (including hotels). Due to the decrease in gains from changes in the fair value of investment property as compared with that of last year, profits before tax and profits attributable to owners of the Company were RMB1,345,150,000 and RMB760,687,000 respectively, down 14.29% and 2.48% respectively. The after-tax core operating results of the principal businesses of the Company (excluding gains arising from the changes in fair value) was RMB743,872,000, up 12.86% over the same period last year. Gains (after tax) arising from the changes in fair value of investment properties was RMB16,815,000 in this period. Earnings per share was RMB0.23.

1. Development Properties

During the reporting period, facing the relaxed political environment in real estate market, the Company continued to speed up the development and turnover of projects and actively utilized the Internet as promotion means to conduct marketing interactions with customers via multiple channels to further raise the popularity of its products.

In Beijing area, the Company tracked customer groups by circle marketing and strengthened promotion to regional customers of North Star Xianglu Project, and achieved a contracted amounts of RMB830 million (226 sets). The Company uncovered selling points of North Star Red Oak Villa project and also conducted target marketing strategies by online, offline and the combination of promoting first-hand and second-hand houses. The annual sales of the Villa contractual sales accounted for nearly 30% of total villa sales in north Olympic area. Crowd funding of the Contemporary North Star • Yue MOMA Project was tested successfully by selling out all of the 693 sets of self-occupied housing on the opening date with the contracted amounts up to RMB1.23 billion.

In southern area, as an urban economic complex featured by function aggregation and land consolidation, the North Star Delta Project is gradually prominent on cost performance and absorption capacity. The cultural atmosphere and commercial value of the project location increases gradually, with successive opening of the "one library, one museum and two halls" (Changsha Library, Changsha Museum, Changsha Planning Exhibition Hall and Changsha Concert Hall), the city level cultural service of Changsha City, which is next to this project. During the reporting period, the sales area of North Star Delta project was 316,000 square meters; the contracted amounts were RMB3.11 billion, both of which ranked first in Changsha commodity housing projects in 2015, and has become the sales champion among the real estate market in Changsha City for three years consecutively. As at the end of 2015, various commodity residential units had been sold for nearly 10,000 sets accumulatively, with the sales proceeds of over RMB12 billion. A total of 3.066 million square meters new construction area was constructed while 2.038 million square meters area was completed accumulatively, accounting for 56% and 37% of the gross floor area respectively. Based on its own features, Changsha North Star Central Park project carried out targeted marketing strategies to tap the potential of client resources and further promote its sales by entering into contracts with Xiangfu Yingcai Primary School (湘府英才小學) for increasing the added value of the project. During the reporting period, the project realized a contracted sales amounts of RMB470 million (589 sets). Wuhan North Star Contemporary Best+ (武漢北辰當代優+) project and Hangzhou North Star Olympic Garden (杭州北辰奧園) project each recorded a sales volume of over one hundred houses on the date of opening for sale owing to the shortened development circle for speeding up turnover, innovative marketing idea focusing on market hotspots and rapid sales and bestselling through event marketing.

In 2015, the Company accelerates the land reservation, and breaks through in low cost expansion and nationwide layout. During the reporting period, the Company entered into five new cities, namely: Chengdu, Suzhou, Nanjing, Hefei and Langfang, and 12 new land parcels were added to its land reserves, reaching 2.11 million square meters.

In the year of 2015, due to the increase in settled area resulting from property development, revenue of development property reached RMB4,527,036,000 (including parking space), up 22.05% over the same period last year, and the profit before tax was RMB716,009,000, up 4.21% over the same period last year. During the reporting period, the resumed construction area of development property was 2,760,000 square meters, and the completed area was 530,000 square meters, the contracted amount and the sales area were RMB7.34 billion (including parking space) and 610,000 square meters respectively.

Table 1: Real Estate Reserve during the Reporting Period

No.	Project	Land area held for development *(m²)*	Planned Plot Ratio-Based Gross Floor Area *(m²)*	Whether cooperative development project is involved	Area of cooperative development *(m²)*	Percentage of interest in cooperative project *(%)*
1	North Star Delta	2,424,000	3,920,000	No	–	100
2	North Star Central Park	621,000	720,000	Yes	367,000	51
3	North Star Contemporary Best+	214,000	241,000	Yes	108,000	45
4	Hangzhou Shunfa CIFI Honor Mansion, Phase II	31,000	23,000	Yes	12,000	50
5	North Star • Landsea Sourthern Gate Green shire (北辰 • 朗詩南門綠郡)	234,000	159,000	Yes	64,000	40
6	Suzhou North Star CIFI No. 1 Courtyard	268,000	180,000	Yes	90,000	50
7	Nanjing North Star CIFI Park Mansion • Jin Ling	105,000	71,000	Yes	36,000	51
8	Dayuan, Chengdu Project	147,000	97,000	No	–	100
9	Langfang Longhe New Distrcit Project (廊坊龍河新區項目)	419,000	297,000	No	–	100
10	Hefei Luyang District project (合肥廬陽區項目)	329,000	239,000	Yes	120,000	50
11	Wuhan Guanggu Creative Sky Project (武漢光谷創意天空項目)	478,000	337,000	Yes	172,000	51
	Total	5,270,000	6,284,000	–	292,000	–

Note:

1. Planned plot ratio-based gross floor area and area of cooperative development represent the data calculated with reference to the conditions of assignment at the time of project auction;
2. Land area held for development represents the gross construction area of land held for development;
3. Planned plot ratio-based gross floor area represents the total plot ratio-based gross floor area of the planned projects;
4. Area of cooperative development projects represents the plot ratio based gross floor area attributable to the percentage of interest in the cooperative development projects;
5. Total land reserve of the Company is 7,788,000 m², equity land reserve is 6,365,000 m². The above land reserve doesn't include the projects that are under construction and unsold.

Table 2: Investment on Real Estate Development during the Reporting Period

Unit: RMB 100 Million Currency: RMB

SN	Location	Project	Operating state	Project state	Project area *(square meter)*	Planned capacity building area *(square meter)*	Total floor area *(square meter)*	Floor area under construction *(square meter)*	Completion area *(square meter)*	Total planned investment *(RMB 100,000,000)*	Actual investment amount during reporting period *(RMB 100,000,000)*
1	Chaoyang, Beijing	North Star Green Garden	Residence and supporting facilities	Completed	870,000	1,210,000	1,600,000	0	1,600,200	90.60	0.31
2	Chaoyang, Beijing	Bihai Fangzhou Garden	Villa, Apartment and residence	Completed	119,500	55,000	77,100	0	77,100	17.43	2.31
3	Changping, Beijing	North Star Red Oak Villa	Villa	Under Construction	287,500	150,000	213,700	173,800	97,000	27.58	3.73
4	Haidian, Beijing	North Star · Xianglu	Residence	Completed	142,400	230,000	312,100	0	312,100	28.51	0.94
5	Chaoyang, Beijing	North Star • Fudi	Commercial residence and supporting facilities	Completed	161,600	390,000	459,300	0	459,300	27.54	0.94
6	Shunyi, Beijing	North Star • Villa 1900	Residence	Under construction	101,200	140,000	213,300	213,300	76,200	24.45	2.00
7	Shunyi, Beijing	Modern Beichen Yue MOMA	Owner occupied commercial housing, housing of two limits	Commenced	52,800	109,000	132,500	132,500	0	23.47	3.49
8	Changsha, Hunan	North Star Delta	Residence, commercial and office building	Under construction	780,000	3,920,000	5,490,000	1,421,300	2,038,000	330.00	23.18
9	Changsha, Hunan	North Star Central Park	Residence	Under construction	336,300	720,000	906,300	285,800	0	48.00	4.88
10	Wuhan, Hubei	North Star Contemporary Best+	Residence and commercial	Commenced	104,700	240,000	325,000	110,900	0	21.00	1.76
11	Hangzhou, Zhejiang	North Star Olympic	Residence and commercial	Commenced	83,900	230,000	317,500	317,500	0	28.30	5.75
12	Hangzhou, Zhejiang	Hangzhou Shunfa CIFI Honor Mansion, Phase I	Residence and commercial	Commenced	41,900	75,000	108,300	108,300	0	14.85	8.94
		Total			3,081,800	7,469,000	10,155,100	2,763,400	4,659,900	681.73	58.23

Note:

1. Total investment amount represents the estimated investment amounts for the project.

Table 3: Real Estate Sales during the Reporting Period

SN	Location	Project	Operating state	Saleable area *(square meter)*	Pre-sold area *(square meter)*	Sold area *(square meter)*
1	Chaoyang, Beijing	North Star Green Garden	Residence and supporting facilities	10,020	–	1,396
2	Chaoyang, Beijing	Bihai Fangzhou Garden	Villa, apartment and residence	1,466	–	636
3	Changping, Beijing	North Star Red Oak Villa	Villa	72,897	13,888	13,888
4	Haidian, Beijing	North Star • Xianglu	Residence	69,688	–	37,699
5	Chaoyang, Beijing	North Star • Fudi	Commercial, residence and supporting facilities	36,437	–	8,708
6	Shunyi, Beijing	Modern Beichen Yue MOMA	Owner occupied commercial housing and housing of two limits	108,286	72,099	72,099
7	Changsha, Hunan	North Star Delta	Residence, commercial and office building	741,868	223,256	315,901
8	Changsha, Hunan	North Star Central Park	Residence	201,661	74,606	74,606
9	Wuhan, Hubei	North Star Contemporary Best+	Residence and commercial	84,195	46,213	46,213
10	Hangzhou, Zhejiang	North Star Olympic	Residence and commercial	84,151	21,304	21,304
11	Hangzhou Zhejiang	Hangzhou Shunfa CIFI Honor Mansion, Phase I	Residence and supporting facilities	31,608	17,765	17,765
		Total		1,442,277	469,131	610,215

Note:

1. The pre-sold area is the pre-sold construction area for project property under construction;
2. The sold area is the total construction area of forward housing and completed housing;
3. In 2015, the period sold area is 610,000 m^2, the period sales amount is RMB7.34 billion, the period settlement area is 347,000 m^2,the period settlement amount is RMB4.53 billion.

2. *Investment Properties (including hotels)*

Facing market changes, the Company actively adjusted operating strategies and innovated development ideas. On the one hand, marketing promotion was strengthened by taking the comprehensive commercial advantage of powerful linkage of investment properties (including hotels) and the geographical advantages of location in the core area of Asia Olympic Area, in order to advance the industrial upgrade of traditional business and improve enterprise operation efficiency. On the other hand, the important exploration to the strategic development of "expansion with low cost, operation with light asset, support by new economy, and development of high-end service industry" was promoted continuously, with nice opportunities produced under the situation of North Star Events Group. In 2015, revenue of investment properties (including hotels) was RMB2,322,017,000, up 9.94% over the same period last year, and the profit before tax was RMB680,266,000 without taking into account the interests costs apportionment, up 22.45% over the same period last year.

The National Convention Center and Beijing International Convention Center are the core of the North Star Exhibition Function Area, and has totally hosted 1,754 conferences and 90 exhibitions, in total increased by 194 over the same period last year during the reporting period. On the basis of strengthening, enlarging and renewing traditional reception services, the Company innovated a new development thought of convention and exhibition industry and cultivated upstream business of convention and exhibition. During the reporting period, China National Convention Center successfully held a series of conferences such as "2015 High-end Academic Conference Development Forum and Exhibition", "2015 Global Mobile Internet Conference – Mobile Internet + Convention and Exhibition Sub-forum" and "the Second High-end Academic Conference Development Forum", etc, which provided a good start for expansion into the whole industry chain of convention and exhibition. On the basis of steadying the main operation marketing, Beijing International Convention Center strengthened the development for the market segments; optimized the exhibition projects by utilizing price lever, and strived on increasing economy benefits.

Besides, the Company established North Star Events Group formally during the reporting period, in order to grasp market transformation and industrial development opportunities under new economy and new business, and initiate the innovative development pattern of convention and exhibition industrial group, scale, and specialization. On the development platform of six entity companies[note], this group further implements the four business systems including "accelerating brand management and management output of conventions and exhibitions and hotels", "pushing forward R&D, education, training, and industrial communication of convention and exhibition", "realizing the integrative development of convention and exhibition + internet economy" and "expanding the sponsors and undertakers of conventions and exhibitions", for the mission of "integrating both interior and exterior sources and developing North Star convention and exhibition industry". Also, according to market changes, industrial trends, and development and revolution of new economy, new business and new technologies, this group will also actively explore all possible innovative businesses and cultivate new business, in order to finally achieve "6+4+N" business mode. The establishment of North Star Events Group sets up a solid platform and thorough structure for the sustainable development of the company convention and exhibition industry.

In terms of office buildings, the Company integrates customer resources, optimizes customer structure, continuously subdivides market and carries out differentiated marketing, so its occupancy rate and rental are kept at a relatively high level, which have been an important source of the profit of investment property (including hotels) field.

In terms of hotels, on the basis of market demands, the Company carries out targeted market strategies, in order to develop potential customers constantly and enrich customer source types continuously. At the same time, it keeps housing price and occupancy rate superior to the average level of the same industry, by strengthening the promotion of internet marketing mode and increasing brand awareness and influence gradually.

In terms of apartment, according to the different requirements of different customer groups, the Company keeps the occupancy rate and average price at a relatively high level by consolidating extended stay market, striving to improve individual customer market, and widening valid connection to conference market demands constantly.

Note: The six companies are Beijing North Star Exhibition Group Co., Ltd., the parent company, Beijing North Star Hotel Management Co., Ltd. (北京北辰酒店管理有限公司) and Beijing North Star Xintong Network Technologies and Services Co., Ltd. (北京北辰信通網絡技術服務有限公司), two pre-existing subsidiaries, together with the newly-established Beijing North Star Convention and Exhibition Information Services Co., Ltd. (北京北辰會展信息服務有限公司), Beijing North Star Times Exhibition Co., Ltd. (北京北辰時代會展有限公司) and Beijing North Star Exhibition Co., Ltd. (北京北辰星會展有限公司).

Table 4: Leasing Condition of Real Estate during the Reporting Period

Currency: RMB

No.	Area	Project	Operating state	Construction area of real estate leased *(Square meter)*	Rental income of real estate leased *(RMB10,000)*
1	Beijing	National Convention Centre	Convention and exhibition	270,000	54,964
2	Beijing	Beijing International Convention Centre	Convention and exhibition	56,400	11,818
3	Beijing	Hui Bin Offices	Office building	37,800	5,869
4	Beijing	Hui Xin Offices	Office building	38,000	4,666
5	Beijing	North Star Times Tower	Office building	139,367	21,587
6	Beijing	North Star Century Center	Office building	149,800	28,279
7	Beijing	Beijing Continental Grand Hotel	Hotel	42,613	13,184
8	Beijing	National Convention Centre Hotel	Hotel	50,200	9,686
9	Beijing	V-Continent Beijing Parkview Wuzhou Hotel	Hotel	60,205	18,943
10	Beijing	Intercontinental Beijing North Star Hotel	Hotel	60,000	18,948
11	Changsha	Intercontinental Changsha	Hotel	79,199	14,330
12	Beijing	Hui Yuan Apartment	Apartment	179,662	23,487
13	Beijing	North Star Shopping Centre (Asian Sports Village Store (亞運村店))	Commercial	30,463	19,618
14	Beijing	North Star Shopping Centre (Beiyuan Store (北苑店))	Commercial	65,000	7,777

Note:

1. The commercial operation modes of North Star Shopping Centre (Asian Sports Village Store) are dominated by joint operation and subordinated by lease and proprietary operation;
2. The commercial operation modes of North Star Shopping Centre (Beiyuan Store) are dominated by lease and subordinated by joint operation and proprietary operation;
3. Construction area of real estate in lease represents the total construction area of the project;
4. The rental income of real estate leased is the operating income of projects;
5. Construction area and operating revenue of North Star Times Tower have included the construction area and operating revenue of the Legend project.

3. *Commercial Properties*

In terms of commercial properties, by deeply studying and judging changes of market consumption demands under the background of the profound industry renovation of retail industry, and actively innovating service and marketing methods on the basis of trying hard to improve commodity quality and service experience, the Company has completed the tentative exploration of omni-channel marketing mode through mobile network platform, satisfied the diversified demands of customers and further improved the transaction efficiency of entities stores.

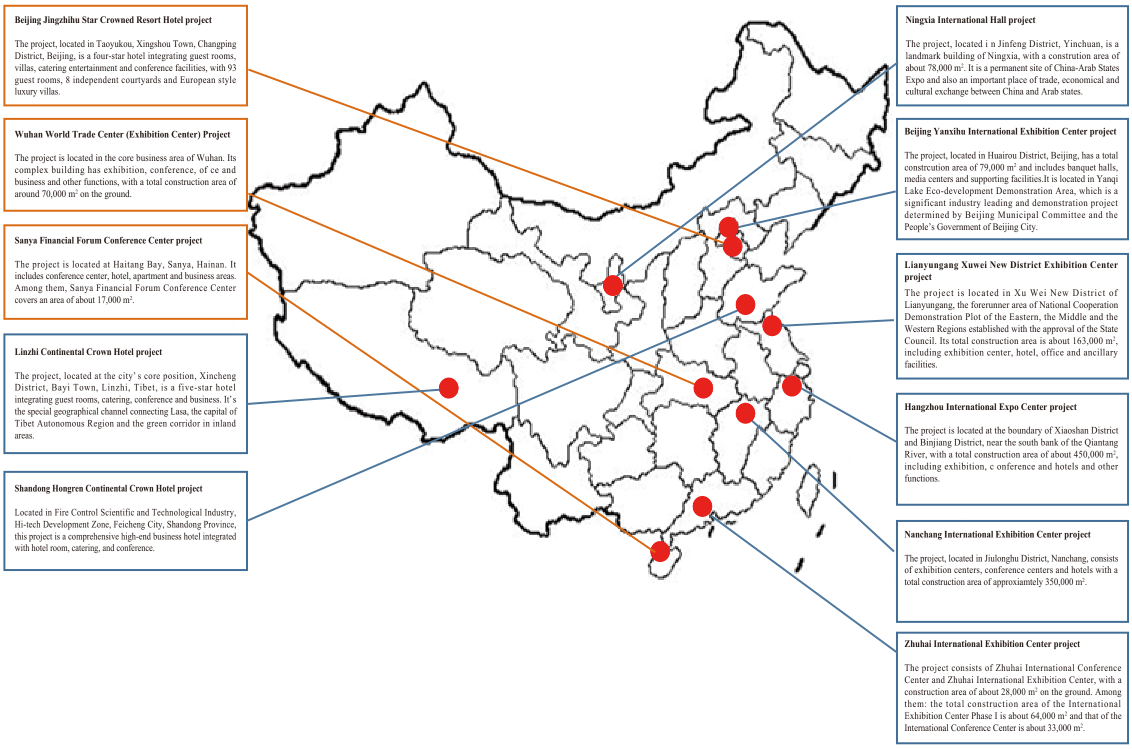
4. *Development Strategy Implementation of the Company*

In 2015, the Company consistently implements the three expansion strategies of low-cost expansion, brand expansion and capital expansion with significant results.

As for the strategy of low cost expansion, while continuing to deepen the exploration of Beijing and Changsha markets, the Company actively seeks to spread over first-tier and second-tier cities with wide economic prospect, large market space, and strong market support as well as important node cities developing in coordination with Beijing-Tianjin-Hebei. Through various ways such as participation in land remising and cooperation and merger, its development scale and market occupancy are improved constantly by promoting nationwide strategic layout stably. By the end of the reporting period, the Company has entered 9 cities including Beijing, Changsha, Wuhan, Hangzhou, Chengdu, Nanjing, Suzhou, Hefei and Langfang; and the multi-plate pattern covering North China, East China, central region and southwestern region has taken preliminary shape. In 2015, 12 parcles of land reserve were newly added; with the total construction area of about 2.11 million square meters, and the equity construction area of about 1.3 million square meters.

In respect of brand expansion strategy, the management output territory of convention venues and hotels of the Company extends nationwide constantly and has taken shape tentatively; and North Star Events brand has been accepted widely, on the basis of the innovation development principle of light asset service business. During the reporting period, the Company has successfully signed contracts for the entrusted operating management of Hangzhou International Expo Center Project, Ningxia International Hall Project, and Shandong Hongren Continental Crown Hotel Project. An aggregate of 15 conventions, exhibitions and hotel projects for consultant and entrusted operation have been signed accumulatively and 1.51 million square meters entrusted operation and management construction area has been achieved accumulatively. Taking Ningxia International Hall Project (the permanent site of China-Arab States Expo) as an example, the management team of North Star Events accomplished various works from new hall preparation to the Fifth China-Arab States Expo, with its excellent management and operation capacity. Also, Hangzhou International Expo Center (the hosting site of the G20 Finance Ministers and Central Bank Governors) is another significant comprehensive international activity received by the Company after the APEC in 2014, which further showed the operating assurance capacity of North Star Events on reception and service for high-specification foreign and national affairs. Besides, Zhuhai International Convention & Exhibition Center has constantly refreshed its records on several dimensionality of undertaken conventions and exhibitions, such as contents, scale and specification, since it started business for operation; it has undertaken the reception of conventions and exhibitions for 481 times accumulatively, including large conventions and exhibitions at the scale of one thousand persons for 166 times.

Table 5: Summary table of the entrusted operation projects and consulting projects of the Company in 2015



Note: Projects in yellow boxes are consulting ones; and in blue boxes are entrusted operating projects.

In terms of capital expansion strategy, the Company continuously optimized its debt structure and vigorously expanded direct financing channels with the "headquarters financing" platform. During the reporting period, it successfully issued two corporate bonds at the interest rates of 4.80% and 5.20% respectively, totaling RMB2.5 billion, with the advantageous time window period. At the same time, the Company actively advanced the preparation of non-public offering A share and non-public offering corporate bonds, which provided powerful support and guarantee for the business development of the Company.

5. *Comprehensive Strength and Brand Building*

The Company firmly believes that the “North Star” brand is the most powerful endorsement for the Company’s development, and is also the performance guarantee and basic drive for sustainable development. Over time, the Company adheres to the enterprise mission of “Creating property value and building centuries foundation”, centers on the strategic objective of “China complex estate brand and China top influential exhibition brand”, insists on building good brand image, wins the respects and many praises from shareholders, customers, cooperative partners and competitors in the process of development, and the industrial impact is continuously upgrading. In the Reporting Period, the Company has been awarded as “Professional Leading Brand of China Complex Estate” for nine consecutive years and awarded with “Beijing Top 20 Funds and Credits for Real Estate”; the National Convention Center has been awarded with “Top Ten Influential Enterprises” by Beijing Influence Committee because of the advanced facilities, professional reception level and top servicing level; the V- Continent Parkview Wuzhou Hotel which is the first five-star hotel managed by the Company was awarded with “The Third China Hotel Golden Star Award” by China Hotel Sector Society; and the Changsha Beichen Intercontinental Hotel was awarded with the Twelfth China Hotel Golden Pillow Award-2015 China top 10 popular business hotel.

6. *Investor relations*

The Company highlights multiple-layer and diversified investor communication which is used for supplementing information disclosure and integrated in the Company‘s development strategic system. The diversified communication channel should be established via such communication mechanisms as on-site road show, investigation on domestic and foreign investors, teleconference, special column for investor relations and hotline, initiative communication should be developed with investors in an overall manner and attention should be paid to the protection of investors’ rights and interests; strong support should be provided for the investors’ communication and investigation and investment decision-making so as to enhance investors’ understandings and recognition on company development and grow together with investors.

7. *Efforts for Environmental Protection*

The Company keeps highlighting the harmonious development of environment benefits and economic benefits and abides by the construction idea of carrying out property development and environmental protection at the same time in daily building business and operation management; keeps developing environmental protection technical innovation activities and strengthening environmental protection management measures. Within the report period, the B1E1 Region of North Star Delta project obtained the "Star 1 Green Architectural Design Label Certificate" issued by Ministry of Housing and Urban-Rural Development of the People's Republic of China and the B2E2 Region the "Star 1 Green Architectural Evaluation Label Project" by Hunan Department of Housing & Urban-Rural Development. As the first participating enterprise, China National Convention Center introduced beverage bottle recycling machine together with China Social Welfare Foundation, encouraged recycling resource wastes through correct channels and donated the gains by recycling to the children in poverty-stricken area. By using ESCAP system, the international advanced energy control system, InterContinental Beichen has made its electric consumption quantity reduced by 2,990kWh and gas quantity reduced by 1,163m^3 compared with the same period of last year, so as to save the daily energy consumption effectively.

III. COMPETITION PATTERN AND DEVELOPMENT TREND IN THE INDUSTRY

In 2016 which is the beginning year for the "13th Five-year Plan" with new norm of fast economic development, China will keep insisting on the general working style of seeking improvement in stability, boost supply side structural reform and in accordance with the development concept of innovation, coordination, green, openness and sharing, eliminate excess capacity, resolve real estate inventory and speed up the transformation of economic development mode while expanding domestic demand properly; develop service industry vigorously, exert the basic role of consumption fully, promote the quality and benefits of economic development and promote the continuous and healthy development of national economy.

As for development property, the 2015 Central Economic Working Conference expressly put forward that the government will insist on the macro-control policy of "giving classified guidance and implementing diversified policies according to the local situation of different places" to resolve the de-stocking problems in the real estate market. Though a few cities have made gentle modification to the house-purchase restriction policy, the real estate market will enjoy development in a stable manner in 2016 backing up by the relatively easing policy and financial environment, thus creating favorable external environment for the stable operation of property developed by the Company.

As for investment property (including hotel), under the background that China's economic development enters new norm and the economy is under transformation, the government will develop service market and consumption market in priority. According to Beijing's "13th Five-year" Development Plan, the productive service industry should be developed vigorously and high-grade, precision and advanced economic structure should be formed in a faster speed. As the critical platform and pillar for the tertiary industry, exhibition economy will have huge historical opportunities, as the functional positioning of Beijing as political center, cultural center, international communication center and scientific innovation center is gradually strengthening. Under the guidance of *Guiding Idea of Speeding Up the Development of Life Service Industry and Promoting Consumption Structure Upgrade* of the State Council (hereinafter referred to as "the Guiding Idea"), the exhibition industry will bring the development of such industries as hotel, catering and retailing while exerting the economic effect of expanding demand and promoting consumption. According to the *Guiding Idea*, apartment is defined as a life service sector and the development of related sub-sectors such as short term lease apartment and long term lease apartment is highly encouraged, bringing new opportunities to apartment development.

As for commercial property, on the basis of the continuous and rapid growth of resident income and continuous optimization of allocation structure, with the continuous promotion for structure reform at supply side, the supply quality and consumption environment will improve more rapidly, the consumption market potential will further appear.

IV. DEVELOPMENT STRATEGY OF THE COMPANY

Faced with the new norm of China's economic development, the Company should not only adapt to the new economic trend in concepts but also grasp the new enterprise development opportunity from operation. Driven by innovation and with development as the ultimate goal, the Company should determinedly boost three strategies, i.e., capital expansion, brand expansion and low cost expansion and forge ahead toward the direction of "low cost expansion, asset-light strategy, new economic support and high-end service industry development" in order to enhance the Company's sustainable development capacity. In 2016, the Company will strictly control costs and expenditures and keep reducing costs, strengthening budget rigidity and specifying budget execution.

1. Development Properties

By grasping the relatively loose policy environment, the Company will highlight de-stocking, realize the high quality development, high product sales volume and high capital turnover rate, and strengthen the sustainable development ability of Company. In terms of development strategy, centering on first-and second-tier cities, on the basis of continuous business cultivation in the cities such as Hangzhou, Wuhan, Chengdu, it will focus on key cities in hot region, continue to pay close attention to investment opportunities for culture and tourism estate in Yunnan and Hainan, strive to enter two to three cities, successively improve the development pattern covering multi-sectors of city circles of circum-Bohai-Sea, Yangtze River Delta, Central China and Sichuan and Chongqing region, and speed up the strategic layout of nationwide expansion of the Company. In terms of project construction, within this year we will start the construction of the existing North Star delta C2, C3 and A3, Changsha North Star Central Park Zone C, Beichen Contemporary Superior +, Phase II, and 2015 new-added Hangzhou Shunfa CIFI Honor Mansion, Phase II, Beichen Langshi South Gate Greenshire, Beichen Xuhui No. 1 Yard in Suzhou,North Star CIFI Park Mansion • Jin Ling, Chengdu Dayuan Project, Langfang Longhe New Distrcit Project, Hefei Luyang District Project, Wuhan Guanggu Creative Sky Project, which will be the strong support for sale performance of the Company; we will complete the construction of North Star delta B1, E1, B2 and E2, Changsha North Star Central Park Zone A and B, and North Star • Villa 1900 Project, which would be the powerful guarantee for project settlement. In terms of marketing strategy, the Company will, on the basis of strengthening targeted marketing and digging out clients' potential, facilitate online and offline interactive innovation and intensify event marketing to achieve centralized contract-signing for projects. In terms of project operation, the Company will grasp the key points, rhythm and strength of operation for the existing projects, and enhance benefits and constantly expand brand influence on the basis of enhancing sales volume. As for the newly added projects, the Company will speed up the project construction progress and carry out product launches as soon as possible.

2. Investment Properties (including hotels)

As for investment properties (including hotels), the Company will rely on the geo-advantage of Asian-Olympic core district and the comprehensive advantages of abundant commercial activities and strong linkage, continue to be guided by market, and dig out the operation potential for every sectors, in order to further improve asset economic benefit. On the one hand, the Company will try hard to exert its function of serving capital and improve the current investment property comprehensive service operating standard, in order to guarantee the reception service for significant events such as G20 summit, China Beijing International Fair for Trade in Services, the First Winter Expo, etc. On the other hand, by taking the establishment of North Star Events Group as an opportunity, the Company will deeply explore service economy development opportunity derived from various demands during the transformation from property operation to industrial operation on the basis of "6+4+N" business mode, and constantly inject new power and connotation to the development mode of "expansion with low cost, operation with light asset, support by new economy, and development of high-end service industry" with new technologies and new business, promote development for both the asset-heavy investment business and the asset-light service business of the Company.

3. Commercial Properties

Faced with the operation pattern featured by industrial homogeneity and fast division of new sectors in commercial properties, the Company will actively adapt to and grasp the general consumption upgrade trend and keep promoting physical store differentiated operation policy constantly through different ways such as the transformation of operation mode, online and offline integration and coordinated development of several sectors so as to realize stable operation.

4. Financing and Capital Expenditure

The Company will draw on the advantages of "headquarters financing" mode to coordinate multi-channel financing by taking advantage of the currently loose capital market and favorable capital market, innovate in financing mode, try to build new financing platform and keep expanding financing scale; enhance the proportion and ability of direct financing by capital market and optimize resources allocation to fully ensure the provision of capital for the stable growth of the Company's operation scale.

The Company is expected to make fixed asset investment of RMB210 million in 2016, which will be paid on the basis of work progress. The capital will come from internal fund.

V. SCHEME OF OPERATIONS

In 2016, it is estimated that new construction area of the Company developing properties will be 2.43 million m^2, area for new and resumed construction will be 4.66 million m^2, the completed area will be 0.88 million m^2 with targeted sales of 0.9 million m^2, and the amount for contract signed (including parking spaces) will be RMB11.8 billion.

The Company investment properties will innovate in business development models while upgrading the existing operation service abilities, strengthen the brand impact on upstream and downstream industry chain, and actively cultivate new performance growth points.

VI. POTENTIAL RISKS FACED BY THE COMPANY

1. Policy risks

In recent years, China and relevant departments have taken a series of macro-control measures to establish and improve the long-term mechanism for the healthy development of real estate industry, by adjusting the supply and demand in the real estate market from finance, tax, land and housing supply structure. The policy uncertainty resulting from such measures will bring certain risks to real estate companies regarding land acquisition and development, construction, sale and financing of projects.

On the basis of the risks above, the Company will keep enhancing product positioning capacity and marketing planning level for development property according to the market change. The Company will also speed up the turnover of the existing project, increase understanding of the national macro policies, seek for market opportunities actively, add excellent land reserves reasonably by seizing opportunities and keep enhancing the potential of sustainable development of development property.

2. *Market risks*

In recent years, with decreasing land supply as a result of increasingly saturated real estate markets in some first- and second-tier cities and growing willingness of real estate companies to acquire land, land prices are constantly going up. A phenomenon of "land prices above house prices" even emerged in the real estate markets in some first- and second-tier cities. The soaring land prices may pose the risk of squeezing the profit margin of the real estate companies. At the same time, on the one hand, high housing prices resulting from high land prices will increase the marketing risks for future high-end real estate projects that will enter the market in droves. On the other hand, if the momentum of rising housing prices goes unabated, some cities may tighten their macroeconomic regulation and control policies, which may cause uncertainties in the short- and mid-term development of the real estate market and thus pose risks to the Company in its stable operation, land reservation and sales of real estate products.

To address the above risks, the Company will take a flexible approach towards market changes and improve and optimize the product structure through researching new types of real estate business such as elderly care and cultural creation, so as to reinforce its market competitiveness while speeding up the turnover of its projects.

3. *Operation Risks*

Facing market changes under new economy and situation, the Company will actively study the industry trend, explore the service economy arising from various demands and focus on the development of innovative business such as "Convention+Internet", health and elderly care industry and cultural creation industry. Although the aforesaid industries boast promising prospects under the active guidance and robust development of service economy by the government, the Company currently lacks operation experience in this regard and such innovative business carries certain risks.

In response to the aforesaid risks, the Company will actively develop new business model, learn from other companies of their successful experience, strengthen personnel training and try to achieve integrated development integrating driven by new economy, new business and new technologies, in an effort to foster new profit growth points and lay a solid strategic foundation.

VII. CORE COMPETITIVENESS ANALYSIS

With more than two decades of development, China's real estate industry has gradually become more rational and mature during the process of initiation, exploration, development and adjustment. In recent years, it witnessed rapid expansion, growing industry concentration, continuous innovation of business models and increasingly diversified means of financing.

As for the future development of China's real estate industry, under China's economic keynote of seeking improvement in stability, the golden fast-growing age of real estate market has come to an end, and it has entered the phase of long-term healthy and stable development at medium and high speed, and the differentiated development of cities has become a new normal. At the same time, under the background that the government adheres to classified guidance, policy implementation according to different situation and active destocking of housing, the real estate market has ushered in a loose policy period that gives rise to new development opportunities featuring the integration of various industries and capital sources driven by revolution and innovation.

Under such industrial background, the Company's comprehensive operating capacity in the real estate market and its brand influence represent its advantages and core competitiveness. After years of development, the Company has formed a complete industry chain covering real estate investment, development, and operation. The real estate development, as the source of revenue growth, and real estate operation, as the basis for stable income, are interdependent and mutually reinforcing, thus increasing the anti-risk capacity of the Company.

On the one hand, the Company has the ability to develop and operate complex real estate and brand advantage. Property types developed by it include luxury houses, apartments, villas, office buildings, commercial properties, affordable housing, etc. In addition, it also has strong professional competence and competitiveness in the development of large-scale and comprehensive real estate projects. Since 2007, it has been awarded the title of "Professional Leading Brand of China Complex Estate" by China's TOP10 real estate research group for nine consecutive years. Besides, in recent years, the Company sticks to the strategy of low-cost expansion and has taken various measures to advance regional expansion with balanced regional layout. As at the end of the reporting period, it has launched real estate development business in 9 cities, namely Beijing, Changsha, Wuhan, Hangzhou, Chengdu, Suzhou, Nanjing, Hefei and Langfang, representing the Company's foundations and professional capability for nationwide development.

On the other hand, as one of China's largest exhibition operators, the Company boasts the ability in high-end exhibition and hotel operation and services and enjoys high brand awareness and influence in the industry. The Company holds and operates more than 1.2 million square meters of investment properties (including hotels) in Asian-Olympic core district. With more than 20 years of experience in exhibition and hotel operation and the ability in internationalized professional operation services, it has successfully delivered reception services for an array of national, integrated and international conferences represented by Olympic Games, APEC summit and Beijing Fair, creating a globally renowned service brand of North Star. In addition, the Company has intensively pushed ahead with exhibition brand expansion in the past two years, making remarkable achievements in the promotion of its exhibition brand throughout the country. As at the end of 2015, it has established the North Star Exhibition Group (北辰會展集團) under the "6+4+N" business model by integrating its industrial resources such as exhibitions, hotels, and information services, thereby setting up a solid platform and forming complete corporate structure for the development of its exhibition business and creating huge rooms for innovative development and full integration of its exhibition economy and new economy, new business and new technologies. As at the end of the reporting period, it has entered into trusteeship management and consulting service agreements on 15 exhibition or hotel projects including Zhuhai International Exhibition Center, Nanchang International Exhibition Center and Hotel, Beijing Yanxihu International Exhibition Center, Beijing Jingzhihu Resort Hotel, Ningxia International Hall, Hangzhou International Expo Center and Hotel, Lianyungang Xuwei District Exhibition Center and Hotel, Wuhan World Trade Center, Tibet Linzhi Hotel, and Sanya Financial Forum Convention Center and Hotel. It also successfully held the self-brand project of "Mobile Internet & Exhibition Industry Summit of 2015 Global Mobile Internet Convention" and co-organized "the 12th National Nutrition Science Conference", laying a solid foundation for the Company's vertical development of the whole exhibition industrial chain and horizontal expansion of branded exhibition center management.

In the future, the Company will center on three major strategies consisting of low cost expansion, brand expansion, and capital expansion to sustain the overall development path featuring asset-light operation, support of new economy, low-cost expansion and development of high-end services, in a great effort to develop into a nationally leading complex real estate enterprise and China's most influential exhibition-brand enterprise.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2015, the equity attributable to owners of the Company increased by 3.79% compared to 31 December 2014. The increase was mainly due to increase in profit attributable to owners of the Company of RMB760,687,000 during the period.

The Group's bank and other borrowings as at 31 December 2015 amounted to RMB17,758,571,000. As at the end of the year, net values of the Group's 10-year corporate bonds, 5-year corporate bonds and 7-year corporate bonds were RMB1,498,950,000, RMB991,641,000 and RMB1,486,616,000, respectively.

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 RMB39,313,389,000, whereas the current liabilities amounted to RMB18,453,694,000. As at 31 December 2015, balances of cash at bank and on hand amounted to RMB6,104,157,000 (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 2015, the Group had secured borrowings from banks and other financial institutions of RMB15,588,057,000 with certain investment properties, hotels, 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 68.45% as at the end of the reporting period (31 December 2014: 63.65%).

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 risk of exchange rate fluctuations.

The Company did not have any contingent liabilities during the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

DESIGNATED DEPOSITS AND OVERDUE FIXED DEPOSITS

As at 31 December 2015, 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.

EMPLOYEES

As at 31 December 2015, the Company had 5,232 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 does not provide any share option scheme for its employees. The Company regularly provides its management personnel trainings on various subjects, including operation management, foreign languages, computer skills, industry know-how and policies and laws. The training is provided in different forms, such as seminars, site visits, study tours and survey tours.

STAFF HOUSING QUARTERS

During the year, the Group did not provide any housing quarters to its staff.

CORPORATE GOVERNANCE CODE

The Company strives to maintain and establish a high level of corporate governance and has fully complied with the codes and provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company has established an audit committee since September 2004. The audit committee comprises three independent non-executive directors, namely Mr. WU Ge as the chairman, Mr. FU Yiu-Man and Mr. GUO Li. Their duties include reviewing and supervising the Company's financial reporting process 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, 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 2015.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

As considered and approved at the 76th meeting of the sixth session of the Board, the Company intends to issue not more than 554,320,000 A shares (inclusive) by way of non-public issuance with issue price of not less than RMB4.51 per A share, i.e. not less than 90% of the average trading price of the A shares of the Company for the 20 trading days immediately before 17 April 2015, the date on which the resolutions of the 76th meeting of the sixth session of the Board were announced. The total proceeds raised from the proposed issuance would be not more than RMB2,500 million (inclusive) and will be, after deducting the issuance expenses, used for the development and construction of North Star Xinhe Delta Zone E4 and E6 Projects (北辰新河三角洲E4、E6區) and Hangzhou Xiaoshan North Star Aoyuan Project (杭州蕭山北辰•奧園項目), and the repayment of bank loans. The target subscribers of the non-public issuance are not more than ten specific investors including Beijing North Star Industrial Group Limited Liabilities Company ("**BNS Group**"), the controlling shareholder of the Company. The BNS Group agreed to subscribe in cash for such number of shares equivalent to 34.482% of the total number of A shares issued by the Company under the non-public issuance while the final number of shares to be subscribed shall be confirmed by a supplemental agreement to be entered into by BNS Group and the Company upon the confirmation of the issue price. Due to the Company's implementation of the 2014 scheme of profit distribution, the base issue price of the non-public issuance of A shares was adjusted from RMB4.51 per A Share to RMB4.45 per A Share, and the number of shares to be issued was adjusted from no more than 554,320,000 A Shares (inclusive) to no more than 561,790,000 A Shares (inclusive), while the total proceeds to be raised remain unchanged at RMB2,500 million (inclusive) (for details please refer to the announcement of the Company dated 24 July 2015). Matters related to the non-public issuance of A Shares has been approved by the SASAC of Beijing Municipality and at the general meeting of the Company , and the

Company received from the China Securities Regulatory Commission (the "**CSRC**") the "CSRC's Notice of Acceptance of the Application for Administrative Approval" (No.[152413]) (《中國證監會行政許可申請受理通知書》([152413]號)) on 7 August 2015, which indicates CSRC's decision to accept the application for administrative approval for further processing in respect of the non-public issuance of the A Shares. On 3 February 2016, the Company received the "Approval in relation to the Non-public Issuance of Shares by Beijing North Star Company Limited" (Zheng Jian Xu Ke [2016] No. 204) (《關於核准北京北辰實業股份有限公司非公開發行股票的批復》(證監許可[2016]204號)) issued by the CSRC, which approves the non-public issuance of A Shares by the Company (for details please refer to the announcement of the Company dated 3 February 2016).

By Order of the Board
BEIJING NORTH STAR COMPANY LIMITED
HE Jiang-Chuan
Chairman

Beijing, the PRC, 30 March 2016

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. ZENG Jin, Mr. LIU Jian-Ping and Mr. LIU Huan-Bo are executive directors and Mr. FU Yiu-Man, Mr. GUO Li and Mr. WU Ge are independent non-executive directors.