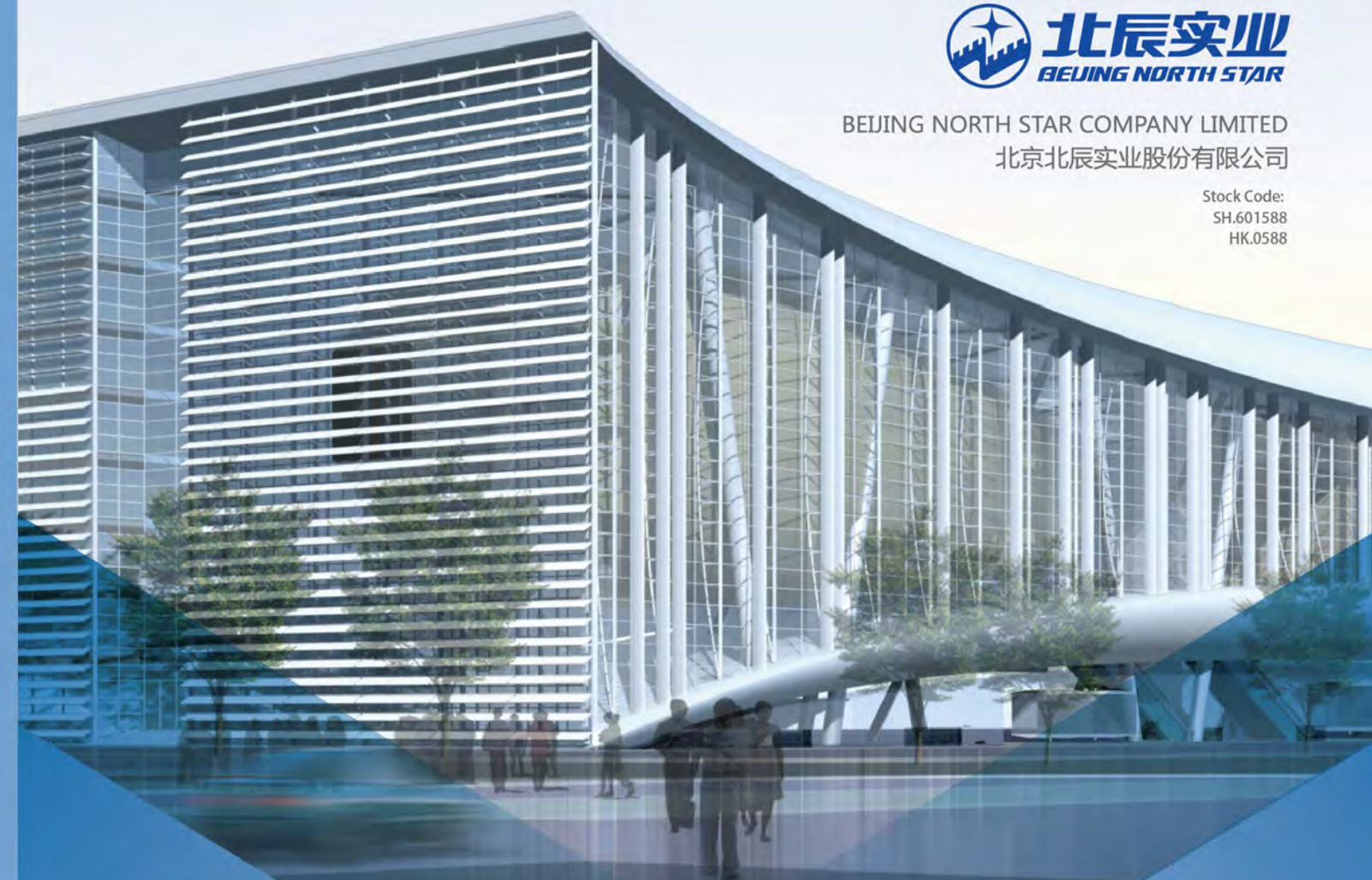




BEIJING NORTH STAR COMPANY LIMITED
北京北辰实业股份有限公司

Stock Code:
SH.601588
HK.0588



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<http://www.beijingns.com.cn>

This report is printed with environmentally friendly paper.



2018

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

ABOUT THIS REPORT

Beijing North Star Company Limited is delighted to publish the 11th *Corporate Social Responsibility Report* as well as the 3rd *Environmental, Social and Governance Report*. The board of directors and all the directors of the Company warrant that there are no false records, misleading statements or major omissions in the Report, and they shall be individually and severally liable for the authenticity, accuracy and completeness of the contents.

The purpose of this Report is to present the environmental and social issues related to the sustainable development of the Company to all stakeholders, so that, they can better understand the concept, actions and related performance of the sustainable development of the Company.

This Report is prepared in both simplified Chinese and English. In case of any discrepancy between the two versions, the simplified Chinese version shall prevail.

REPORTING PERIOD

Unless otherwise mentioned, this Report mainly describes the specific policies and performance of the Company in terms of environment, social and sustainable development work in the period of January 1, 2018 to December 31, 2018. For the sake of continuity and comparability, some information in this Report shall be extended as needed.

REPORTING GUIDELINES

This Report is prepared in accordance with the *Environmental, Social and Governance Reporting Guide* under Appendix 27 of the *Main Board Listing Rules of the Stock Exchange of Hong Kong Limited* published by the Stock Exchange of Hong Kong Limited and the *Notice on Strengthening Social Responsibility Undertaking of Listed Companies and Issuing "Guidelines on Environmental Information Disclosure of Listed Companies of Shanghai Stock Exchange"* published by the Shanghai Stock Exchange.

REPORT ACQUISITION AND FEEDBACK

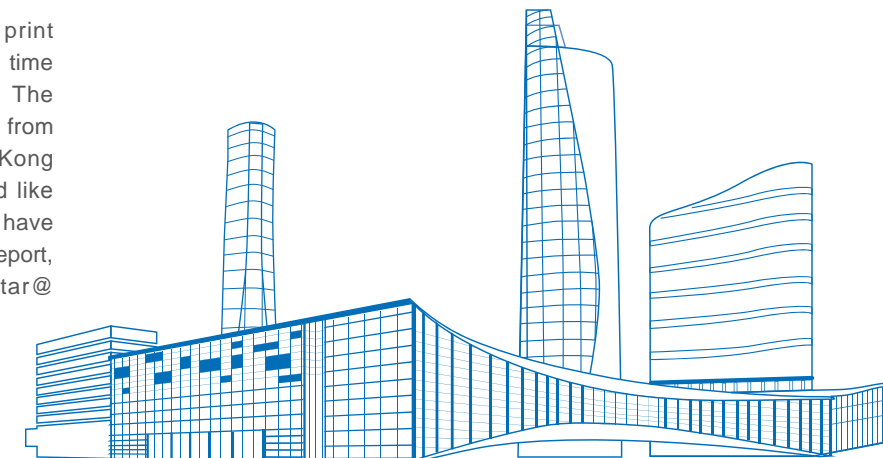
This Report is available in both online and print versions. This Report is published at the same time as the Company's annual report every year. The online version can be viewed and downloaded from HKEXnews, the disclosure website of Hong Kong Exchanges and Clearing Limited. If you would like to request the paper version of the Report, or have any questions, comments or feedback on this Report, please feel free to send an email to northstar@beijingns.com.cn for contacting us.

REPORTING ORGANISATIONAL BOUNDARY

The reporting organisational boundary of this Report is based on the principle of materiality. Unless otherwise mentioned, the material content of the Report covers Beijing North Star Company Limited, its subsidiaries and branch companies.

CONFIRMATION AND APPROVAL

"Comply or Explain" in the *Environmental, Social and Governance Reporting Guide* under Appendix 27 of the *Main Board Listing Rules of the Stock Exchange of Hong Kong Limited* published by the Stock Exchange of Hong Kong Limited. This Report was confirmed by the ESG task force of the Company in March 2019 and approved by the board of directors of the Company.



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DEFINITIONS

In this Report, unless the context otherwise requires, the following terms shall have the meanings set out below:

Beijing North Star”, “Company”, “Beijing North Star”	Beijing North Star Company Limited
“ESG”	Environmental, Social and Governance
“The Report”	2018 ESG Report of the Company
“Reporting Period”	From January 1, 2018 to December 31, 2018
“2018 Annual Report”	2018 Annual Report of the Company
“PRC”	The People’s Republic of China
“CPPCC”	The Chinese People’s Political Consultative Conference
“CPC”	The Communist Party of China
“SEHK”	The Stock Exchange of Hong Kong Limited
“SSE”	The Shanghai Stock Exchange
“SASAC”	The State-owned Assets Supervision and Administration Commission
“Municipal Party Committee”	The Beijing Municipal Committee of the Communist Party of China
“Municipal Government”	The People’s Government of Beijing Municipality
“Municipal Commission of Development and Reform”	The Beijing Municipal Commission of Development and Reform
“District Commission of Development and Reform”	The Chaoyang District Commission of Development and Reform
“Apartment Management Company”	Apartment Operation and Management Branch of the Company
“Public Facilities Management Company”	Public Facilities Management Branch of the Company
“Office Building Company”	Office Building Operation and Management Branch of the Company
“Corporate Committee of the CPC”	The Committee of the Communist Party of China in the Company
“Corporate Committee of the CYL”	The Committee of the Communist Youth League in the Company
“North Star Events”	North Star Events Group of the Company
“North Star Real Estate”	Beijing North Star Real Estate Development Co., Limited of the Company
“IHG”	InterContinental Hotels Group PLC
“HACCP”	Hazard Analysis Critical Control Point
“SCO”	The Shanghai Cooperation Organisation
“FOCAC”	The Forum on China-Africa Cooperation

THE PREFACE

2018 was the first year to implement the spirit of the 19th National Congress of the CPC, the 40th anniversary of Reform and Opening-up of the People’s Republic of China, an extraordinary year in Beijing North Star’s development process, and a year worthy of the joy and pride of all North Star people.

This year, Beijing North Star, was guided by the “13th Five-Year Plan”, made new achievements in its main business, with the asset scale, operating income and profit reaching a record high. Our revenue reached RMB 17.86 billion, up 16.71% year on year, and profit before income tax was RMB 3.86 billion, up 29.55% year on year.

This year has seen the largest number of major state and government affairs activities in Beijing North Star’s history. From the Forum on China-Africa Cooperation, the 5th China Beijing International Fair for Trade in Services, the Shanghai Cooperation Organisation Summit in Qingdao to the first United Nations World Geospatial Information Congress, Beijing North Star’s team has successfully completed each of its tasks. The Company has won high praise from all walks of life and leaders at all levels, making “Beijing Service” world-renowned.

This year was a year when Beijing North Star actively promoted energy conservation and environmental protection work and achieved outstanding results. The Company vigorously developed green ecological buildings, strengthened the awareness of energy conservation and environmental protection of units at all levels, and stressed the recycling and reuse of resources. The Company advocates green office and green commuting, and to achieve the green development of enterprises, Beijing North Star has put these into action from the very beginning. As a result, the Company reduced its carbon dioxide emissions by about 356.40 tonnes compared with the same period last year, reduced its total energy consumption by 7,996.64 MWh and reduced hazardous waste by 1,461.39 kilograms.

This year was a year that Beijing North Star undertook social responsibility actively, Beijing North Star is realising oneself business to develop while also pay attention to promote social harmony and sustainable development. The Company carried out the sixth “Care for Children and Be Grateful to Peers” charity donation activity, and seriously implemented targeted poverty alleviation work, and signed the “One Company Helps One Village” assistance agreement with Baihutou Village, Zhaitang Town of Mentougou District, which has achieved good results in poverty alleviation.

This year was a breakthrough year for the innovation and development of Beijing North Star. Beijing North Star successfully hosted the first China Game Festival and other exhibition activities. The Company’s first health care centre, Changsha ORPEA Beichen International Care Centre, officially opened, which comprehensively realised the great-leap-forward of the Company’s innovative business development.

Looking forward to the future, Beijing North Star will continually shoulder the “Create property value, build long lasting inheritance” historical mission, and adhere to the enterprise purpose of creating benefits for shareholders, contributing to society and cherishing employees, in order to grow up together with all stakeholders. At the same time, with the direction of “asset-light operation, new economy support, low-cost expansion, high-end service industry development”, the Company will strive to become a first-class compound real estate brand enterprise and the most influential exhibition brand enterprise in China!

The Company hereby would like to show its appreciation to all the Company’s investors, owners and partners. North Star could not have today’s achievement without their supports.





COMPANY OVERVIEW

ABOUT THE COMPANY

Beijing North Star Company Limited was established on April 2, 1997 by Beijing North Star Industrial Group Limited Liabilities Company and was listed on the SEHK in May of the same year. In October 2006, it successfully issued A-shares and listed on the SSE.

The total registered capital of the Company is 3.36702 billion shares, of which 2.66 billion are A-shares, accounting for 79.002% of the total capital, and 0.70702 billion are H-shares, accounting for 20.998% of the total capital. The Company is principally engaged in development properties, investment properties (including hotels).

The development properties business mainly set foot in Beijing aiming to expand beyond Beijing. In recent years, as the Company continued to deepen the regional exploration and development in new cities, a multi-level nationwide development layout covering several regions is gradually taking shape. The development properties consist of the development and sales of residential units, apartments, villas, offices and commercial buildings of different classes and features. The development projects are spread in the key cities in 14 hot regions including Northern China, Central China, Eastern China and Southwest China, and there are 45 projects proposed to be built or under construction. Both the development scale and market share of the Company have been continuously enhanced.

Properties held and operated by the Company involve convention and exhibition, hotel, office and apartment, with a total gross floor area exceeding 1,270,000 m², out of which 1,200,000 m² is in the Asian-Olympic core district in Beijing. Its operating items mainly include the National Convention Centre, Beijing International Convention Centre, InterContinental Beijing Beichen, North Star V-Continent Beijing Parkview Wuzhou Hotel, Beijing Continental Grand Hotel, National Convention Centre Hotel, Hui Bin Offices, Hui Xin Offices, North Star Times Tower, North Star Century Centre, Hui Yuan Apartment, etc. Projects outside Beijing include InterContinental Changsha.

While optimising and consolidating traditional properties held, the Company strengthened resources integration and exerted continued efforts on the expansion of new businesses and new technologies of exhibition industry relying on North Star Events Group. In recent years, the brand operation and provision of management services for exhibitions and hotels saw significant achievements, and gradually formed a diversified service profit model with entrusted management as the core. At present, North Star Events Group provides entrusted management for up to 17 exhibition and hotel projects, and the total area of the venues of the exhibition under entrusted management is 2.12 million square meters. As a result, it has become the largest exhibition brand enterprise in terms of the total area of venues under management in the PRC and the brand influence of “North Star Exhibition” has been continuously enhanced.

Adhering to the principle of maximising shareholders’ profit and on a historic mission to “create property value, build a century’s foundation”, the Company continues its great effort to develop into a nationally leading integrated real estate enterprise and China’s most influential exhibition-brand enterprise.

CORE IDEOLOGY

Enterprise Vision
To establish a national first-class compound real estate enterprise and the national most influential exhibition brand enterprise

Enterprise Mission
To create property value, and build a business foundation to last a century

Enterprise Tenet
To repay our shareholders, and dedicate ourselves to the society, and cherish our staff

Enterprise Strategy
Low-cost expansion, brand expansion and capital expansion

RESPONSIBILITY AND COMMUNICATION

Beijing North Star understands that in order to realise the evergreen development of the enterprise, it must clearly become acquainted with the evaluation and expectation of various stakeholders on the operation ability of the enterprise, and at the same time establish effective communication channels to realise the problems that need to be paid attention to and solved in the evaluation of the sustainable development of the enterprise. At present, the Company's key stakeholders include the government and regulators, investors (shareholders), customers, employees, suppliers, media, and the public, etc. To facilitate effective communication with all stakeholders, the Company has established and adopted various channels and platforms.

Key Stakeholder	Communication Channel
Government and Regulators	Attend conference trainings Report to related departments regularly Subject to supervisions by relevant authorities
Investors (Shareholders)	Annual general meeting Investor Relations on the official website Investor relations hotline Presentation and press conference of annual results and interim results, etc. Investor group researches SSE E-Interaction
Customers	Customer Satisfaction Surveys
Employees	Employee interviews Corporate trainings Employee activities
Suppliers	Telephone interviews On-site inspections Supplier conferences
Media	Press conferences Interviews
The Public	Community engament Charitable donation

For compliance with the SEHK’s principle on the materiality of ESG reports, Beijing North Star has annually commissioned a professional sustainability consultancy to determine the material disclosure information of the ESG reports for the Company by considering the development of the Company and its industry, as well as according to the latest requirements of the ESG information disclosure regulatory authorities. The relevant information shall be disclosed in the Report after being confirmed by the ESG special personnel of the Company and approved by the Board of Directors of the Company.

THE COMPANY AWARDS

Branding and honour are regarded as the driving force for the Company's sustainable development. For a long time, the Company has been recognised by the public with its good brand image and improving strength.

Part of the awards/ honours of Beijing North Star Company Limited and its subsidiaries/ projects in 2018			
Part of the Awards	Date	Company/ Project Being Awarded	Granting Authority
Top100 China's Real Estate Developers in 2018	03.2018	Beijing North Star	China Real Estate Association
Top10 China's Real Estate Comprehensive Developers in 2018	03.2018	Beijing North Star	China Real Estate Association
Top100 China's Real Estate Enterprises in 2018	03.2018	Beijing North Star	China Real Estate Top10 Research Group
Star of Top100 China's Real Estate Enterprises in 2018	03.2018	Beijing North Star	China Real Estate Top10 Research Group
Top10 Investment Values of Real Estate Companies Listed on SSE and SZSE in 2018	05.2018	Beijing North Star	China Real Estate Top10 Research Group
Top10 Wealth Creation Capabilities of Real Estate Companies Listed on SSE and SZSE in 2018	05.2018	Beijing North Star	China Real Estate Top10 Research Group
The Noteworthy Real Estate Companies of the Capital Market in 2018	05.2018	Beijing North Star	China Real Estate Top10 Research Group
Top100 Listed Real Estate Enterprises of China in 2018	05.2018	Beijing North Star	EH Consulting
Top10 Professional Leading Brand Value of Real Estate Comprehensive Development in China in 2018 – Compound Real Estate	09.2018	Beijing North Star	China Real Estate Top10 Research Group (the 12th year being awarded)
Top100 Annual China Commercial Real Estate in 2018	11.2018	Beijing North Star	Opinion Index Institute
Leading Enterprises on the Real Estate Market of Changsha in 2018	12.2018	Beijing North Star	China Index Academy
Top10 Leading Real Estate Brands of Influence in 2018	12.2018	Beijing North Star	Beijing Evening News (the 3rd year being awarded)
Capital Civilisation Model Establishment/ Organisation	03.2018	Beijing International Convention Centre	Beijing Committee for Construction of Spiritual Civilisation

Part of the awards/ honours of Beijing North Star Company Limited and its subsidiaries/ projects in 2018			
Part of the Awards	Date	Company/ Project Being Awarded	Granting Authority
The 9 th Golden Seagull Prize of China Conference – The Best Conference Hotel (Centre)	06.2018	Beijing International Convention Centre	China Conference&Exhibition and China International Conference Industry Week Organising Committee
Top10 Annual Influential Conference Centres (Hotels) of China Conference Industry	12.2018	Beijing International Convention Centre	China Conference&Exhibition
Model of Beijing Tourism Industry	01.2018	Reception and Service Team of Beijing International Convention Centre	Beijing Municipal Commission of Tourism Development
The Most Competitive	12.2018	National Convention	China International
Capital Civilisation Model Establishment/ Organisation	03.2018	Beijing Continental Grand Hotel	Beijing Committee for Construction of Spiritual Civilisation
Ctrip Travel Reputation List - Most Popular Hotel Prize	04.2018	Beijing Continental Grand Hotel	Ctrip
TripAdvisor - Certificate of Excellence	01.2018	InterContinental Beijing Beichen	TripAdvisor
Guest Review Award	03.2018	InterContinental Beijing Beichen	Booking
The Best Business Hotel	06.2018	InterContinental Beijing Beichen	PhoenixWeekly Lifestyle Magazine
The Best Business Hotel	12.2018	InterContinental Beijing Beichen	Voyage Magazine
The Best Business Hotel in the Greater China Region	12.2018	InterContinental Beijing Beichen	Voyage Magazine
Ctrip Travel Reputation List - Most Popular Hotel Prize	04.2018	North Star V-Continent Beijing Parkview Wuzhou Hotel	Ctrip
Golden Dragon Award of China Hotel Industry – 2017/ 2018 Outstanding Service Award of Business Hotel in China	09.2018	North Star V-Continent Beijing Parkview Wuzhou Hotel	Golden Dragon Award Committee of China Hotel Industry
Annual High-end Hotel Selection – Annual Selected Business Hotel	12.2018	North Star V-Continent Beijing Parkview Wuzhou Hotel	Voyage Magazine
Winner for the Security and Services in the United Nations World Geospatial Information Congress	12.2018	North Star Events	Leading Group of Preparation for the United Nations World Geospatial Information Congress
The Best Annual Regional Landmark Office Building in 2018	12.2018	Office Building Company - North Star Times Tower	China Office&Industry Committee
The Best Annual Business Complex in 2018	12.2018	Office Building Company - North Star Century Centre	China Office&Industry Committee
Real Estate with the Best Investment Value	06.2018	Wuhan North Star Blue City	QQ.com
Green Livable Model Real Estate in Changsha for the First Half of 2018	07.2018	Changsha North Star Central Park	Changsha Evening News Group
Annual Performance Award of China Commercial Complex in 2018	11.2018	North Star • Guangguli	Opinion Index Institute
Top100 Valuable Real Estate 2018/ 2019	12.2018	North Star • Guangguli	China Index Academ
The Most Popular Real Estate Project in Chengdu in 2018	12.2018	North Star • South Lake Xianglu	Chengdu Economic Daily
Regional Leader of Valuable Real Estate in 2018	12.2018	North Star • Langfang Xianglu	Beijing Evening News





ROBUST MANAGEMENT



PROTECT THE INTERESTS OF
INVESTORS AND CREDITORS



IMPROVE SUPPLIER MANAGEMENT

PROTECT THE INTERESTS OF INVESTORS AND CREDITORS

IMPROVE CORPORATE GOVERNANCE

As a state-owned real estate company which listed on the SSE and the SEHK, Beijing North Star adheres to its consistent principle of maximising shareholders' value, safeguarding the legitimate rights and interests of investors and creditors. The Company offers returns to investors and creditors and, meanwhile, the Company carefully considers the opinions and suggestions of various stakeholders, and through continuous efforts, to improve the market's recognition about the value of the Company.

During the Reporting Period, the Company, in accordance with the *Stock Listing Rules of The Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, and the Company's *Articles of Association and the Administrative Rules on Information Disclosure*, and through conducting results presentation and press conference, domestic and overseas investors research, teleconference, establishing Investor Relations column on the Company's website as well as dedicated telephone hotline, maintained full interaction and communication with investors. Furthermore, the Company complied with its obligations of information disclosure under the law and regulation, to protect shareholders' right to know, and fully protect the interests of investors.

During the Reporting Period, the directors, supervisors and senior management of the Company, in accordance with the regulatory requirements of the listed regions, strengthened their professional training and continuously improved their ability to perform their duties by means of course training and written learning. During the Reporting Period, the corporate governance performance of the Company complied with the requirements of the *Company Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies* and the relevant provisions of the China Securities Regulatory Commission.

FULFIL ECONOMIC DUTY

INVESTORS

During the Reporting Period, the Company, in accordance with the Company's *Articles of Association and the dividend standards and procedures stated in the Dividend Distribution Plan for Shareholders*, completed the Company's 2017 annual profit distribution, fully safeguarded the asset proceeds and other legitimate rights and interests of the Company's shareholders.

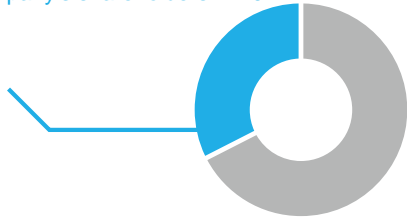
During the Reporting Period, the 2017 Annual General Meeting of the Company held on May 28, 2018, has deliberated and approved the 2017 profit distribution plan of the Company. Based on the total capital stock of the Company at the end of 2017, 3,367,020,000 shares, the Company paid a cash dividend of RMB 0.110 (i.e. including tax) per share to all shareholders. The profit distribution plan has been implemented; the dividend distribution of A-shares has been completed on June 28, 2018, and the dividend distribution of H-shares has also been completed separately). A total cash dividend of RMB 370,372,200, accounting for 32.48% of the net profit attributable to the Company's shareholders in 2017, was distributed.

2018

Totally distributed cash dividend of

RMB 370,372,200

Accounting for 32.48% of the net profit attributable to the Company's shareholders in 2017



2017 Annual Results Presentation and Press Conference



2018 Interim Results Presentation and Press Conference



CREDITORS:

During the Reporting Period, the Company, in accordance with the *Announcement on the 2014 Corporate Bond Interest Rate of Beijing North Star Company Limited*, announced its annual interest payment plan on January 15, 2018, was as follows: (1) the interest rate of "14 North Star 01" is 4.80%, and the interest paid on each board lot of "14 North Star 01" with a value of RMB 1,000 is RMB 48.00 (i.e. including tax); (2) the interest rate of "14 North Star 02" is 5.20%, and the interest paid on each board lot of "14 North Star 02" with a value of RMB 1,000 is RMB 52.00 (i.e. including tax).

In addition, on April 16, 2018, the Company announced the *Announcement on the 2018 Interest Payment of 2016 Corporate Bonds (Phase I) Privately Placed by Beijing North Star Company Limited*. The annual interest payment plan was as follows: the interest rate of current bonds is 4.48%, and the interest payment of each board lot of "16 North Star 01" with a value of RMB 1,000 is RMB 44.80 (i.e. including tax).

As of December 31, 2018, the above-mentioned interest payments of "14 North Star 01", "14 North Star 02" and "16 North Star 01" have been paid in full on schedule. There have been no circumstances under which the Company has failed to pay the interest of its current bonds in full and on schedule.

In the future, the Company will continue to consider market policy changes, cooperate with the expansion of the Company's main business scale, and give full play to the advantages of the "Headquarters Financing" model, to build a diversified financing platform based on traditional bank financing, and to constantly explore a variety of capital market financing tools. The Company will, through corporate bonds, medium-term notes, asset securitization and other ways, constantly optimizes the Company's capital structure and debt structure, in order to lay a solid foundation for the sustainable development of the Company.

IMPROVE SUPPLIER MANAGEMENT

Beijing North Star integrates the concept of sustainable development into its supplier management mechanism. In terms of business development and business process management, the Company shares the risks of environmental and social responsibilities with its suppliers, shares development opportunities, jointly identifies and monitors risks and opportunities in the supply chain, and actively implements intensive and efficient business service procurement strategy, which are the important manifestations of the Company's practice in sustainable development.

In line with the development concept of low carbon priority and green first, the Company strictly abides by each process of environmental management in its supply chain. Through resource integration, the Company evaluates and screens suppliers which meet the Company's requirements on environmental protection. In property development and investment production, the Company prefers to cooperate with design institutes and contractors with green building qualifications, so as to achieve a win-win situation of promoting economic and environmental protection development side by side. In addition, Beijing North Star firmly resists the occurrence of violations of employees' legal rights and human rights in the supply chain. All suppliers will be strictly screened by the Company.

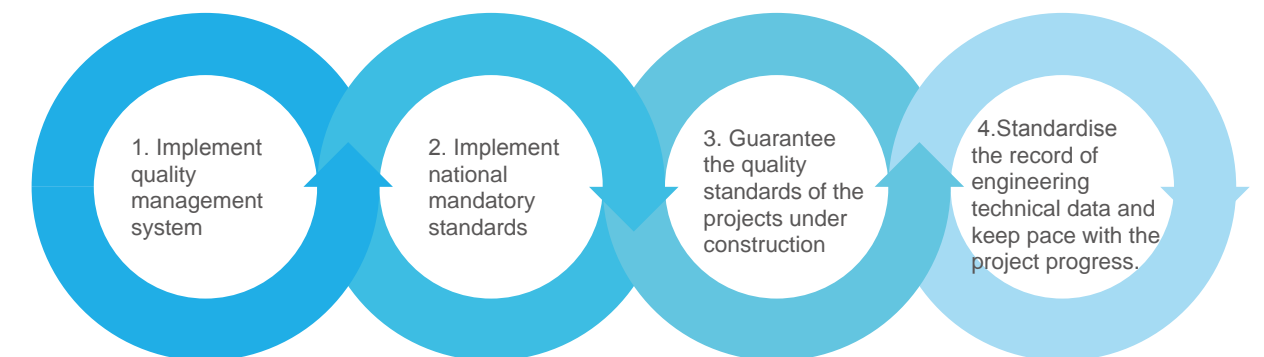
In terms of building safety, ensuring the construction quality is one of the cores of the Company's daily management issues. To ensure the standardisation of the project quality management of contractors at each level, the Company strictly abides by the laws and regulations related to the construction project quality and industry standards, including the *Construction Law of the People's Republic of China*, the *Measures for the Administration of Quality Testing of Construction Projects*, the *Construction Company Safety Management Criterion* and so on; at the same time, the Company established sound engineering and construction quality management system and the project quality management system.

Building quality first

The Company has a management objectives assessment system of construction project quality. Every year, the Company implements the construction project quality management objectives level by level, continues to enhance the inspection scrutiny, and organises the irregular quality check of the projects under construction, focusing on the implementation and operation of the quality management system. Contractors are required to regularly organise comprehensive inspections of the quality management and actual construction quality of all the constructing projects under its management in accordance with the relevant provisions of the Company. All contractors are required to:



High-level interior finishing



High-quality constructing of the public area



CLIENT ORIENTED



ENSURE CLIENT'S HEALTH AND SAFETY



ENSURE HIGH-STANDARD OF GUEST SERVICE



ENHANCE CLIENT SATISFACTION



MAINTAIN GOOD-NEIGHBORLY AND
FRIENDLY RELATIONS

Beijing North Star is committed to brand image construction. For the purpose of providing customers with high quality services, the Company strictly abides by the laws and regulations on service and product liability of the PRC and the local region where the Company operates, including but not limited to the *Advertising Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*. In terms of product liability, the Company employs senior legal advisers to provide professional advice and formulate reasonable and effective solutions. In the process of real estate development and sales, the Company resolutely cracks down on illegal construction and illegal sales, and safeguards customers' rights and interests earnestly.

During the Reporting Period, the Company did not violate any laws and regulations related to products and services, including but not limited to products and services, labelling, marketing, privacy issues, and intellectual property rights, and there were no occurrences of incidents that had a significant impact on the Company.

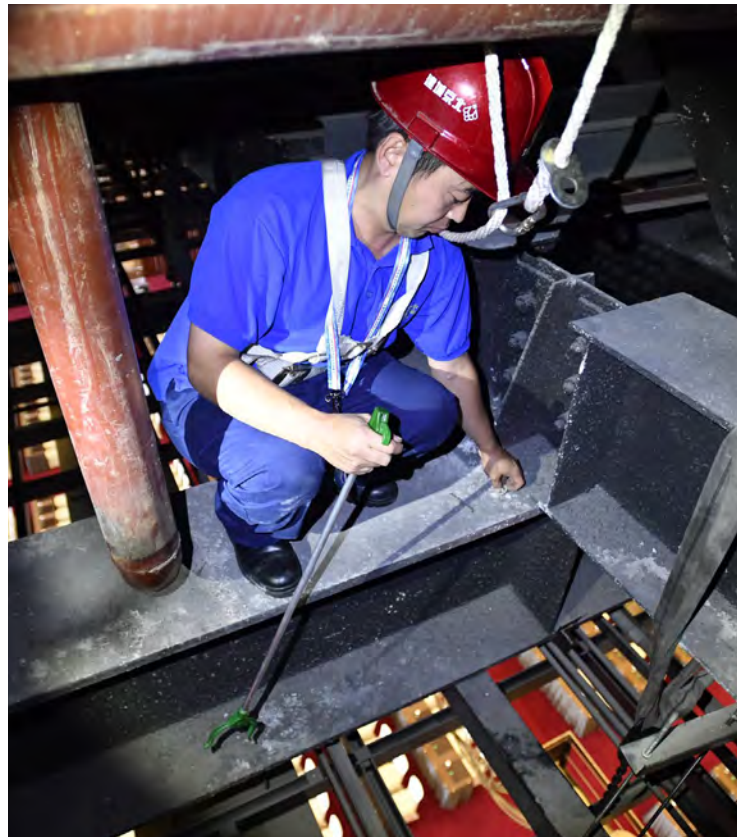
ENSURE CLIENT'S HEALTH AND SAFETY

Beijing North Star pays attention to the health and safety of customers, always adheres to the "people-oriented" core concept, and has established a sound safety management system and implemented a safety responsibility system, in order to realize the Company's safety management service functions. Beijing North Star pays attention to the health and safety of customers, always adheres to the "people-oriented" core concept, and has established a sound safety management system and implemented a safety responsibility system, in order to realize the Company's safety management service functions.

During the Reporting Period, the Company has signed the *Work Responsibility Agreement of Safety and Stability* with its subsidiaries. The Company, in accordance with the work requirements, has signed responsibility agreements with its subsidiaries, departments, teams, individuals together with tenant and labour dispatch service providers, and achieved signing rates of 100%. In safety management works, the Company has improved its integrated safety management network, and achieved the implementation of safety management responsibility completely.

In addition, the Company actively carries out safety publicity and education and training work. The Company's subsidiaries make full use of the blackboard displays, drills, audio-visual materials, display cases, questionnaires, and other various forms for widely promoting safety-related laws and regulations, vigorously carrying out safety education, and organising activities such as the "Safety and Health Cup" and "Safe Production Month". Through these means, the Company promotes the construction of corporate safety culture, and improves the employees' awareness and law-abiding perspective.

The Company strictly abides by the *Production Safety Law of the People's Republic of China* and the *Food Safety Law of the People's Republic of China* and other laws and regulations. During the Reporting Period, the Company did not violate any laws and regulations relating to the health and safety of its products and services, and there were no related incidents that had a significant impact on the daily operation of the Company.



Careful safety checks

Actively carry out internal audits of the food safety management system

In order to ensure the smooth implementation of food safety management system and ensure the operation of the front line service, the National Convention Centre of Beijing North Star earnestly abides by the *Food Safety Law of the People's Republic of China*, and conducts experimental tests according to the requirements of HACCP and ISO 22000 Food Safety Management System, which effectively prevents food safety accidents from happening.

In 2018, a total of **1,255** sample tests of the served meals (including three daily meals, buffet, cocktail party, and Chinese table meal) in the main building and hotel of the National Convention

Centre were conducted; a total of **32,371** food samples were retained. Samples (including food, tableware, tools, and pesticide residues)

were tested for **2,918** times,

0 unqualified sample was found.



Safety sampling of drinking water at the venue



Clean and tidy dining area

ENSURE HIGH-STANDARD OF GUEST SERVICE

North Star Events originated from the Asian Games. In its nearly 30 years of development, North Star Events ensures numerous international conferences and diplomatic activities are carried out with "Beijing Service" and the "North Star Standard". During the Reporting Period, North Star Events successfully completed the Forum on China-Africa Cooperation, the 5th China Beijing International Fair for Trade in Services, the Shanghai Cooperation Organisation Summit in Qingdao to the first United Nations World Geospatial Information Congress, the 8th Beijing Xiangshan Forum and other high-level meeting's reception and service tasks, which consistently received various leaders' and guests' consistent high praise.

OUTSTANDING ACHIEVEMENTS IN THE INDUSTRY

At the beginning of 2018, the National Convention Centre under Beijing North Star was approved by the National Standards Committee and officially became the "National Service Industry Standardisation Demonstration Project in 2018-2019". Since the launch of the project, the National Convention Centre, as the only conference and exhibition enterprise on the list, has undertaken greater social responsibility in the standardisation establishment. In July of the same year, the National Convention Centre participated in the drafting of the *Standards and Specifications of Reception Services for Large-scale Events* and the research on Beijing service subjects, which were led by the Beijing Tourism Development Committee.

At the same time, the Company was responsible for drafting the *Reception Manual for Large-scale Events* in Chaoyang District, Beijing; realizing the transformation of national conferences from "Experiential Service" to "Standardised Service".

Successfully completed the Beijing Municipal Committee of the CPPCC conference reception and security services

The First Session of the 13th Beijing Municipal Committee of the CPPCC concluded successfully on January 28, 2018. As a partner of the Beijing Municipal Committee of the CPPCC for many years, the Company has, from the very beginning, successfully guaranteed the reception service for the conference of the Beijing Municipal Committee of the CPPCC in accordance with the goal of "Safe operation without any risk, and the reception service without any mistakes", which has won unanimous praise from the CPPCC members and staff. After the meeting, the Company received a letter of appreciation from the conference secretariat of the First Session of the 13th Beijing Municipal Committee of the CPPCC. In the letter, the secretariat expressed appreciation and best wishes to the Beijing Continental Grand Hotel, Beijing International Convention Centre and the Apartment Management Company in which the CPPCC members and staff stayed during the period of the conference. The letter mentioned that the new CPPCC members gave high regards to North Star's service, and fully recognized the hard work of North Star's staff and its high quality of its service.



Perfectly presented every detail of service



A letter of appreciation from the conference secretariat of the Beijing Municipal Committee of the CPPCC

Safeguarded the SCO Qingdao Summit to be held successfully

On June 9 and 10, 2018, the 18th Meeting of the Council of Heads of State of the Shanghai Cooperation Organisation was held in Qingdao. North Star Events team managed four venues and nearly one thousand service staff, effectively and successfully completed the summit reception and various logistical supporting work. The Company highlighted the image of Beijing state-owned enterprise and the image of China in front of the world, and once again made the "Beijing Service and North Star Standard" shine brightly.



Escorted the successful hosting of the FOCAC

The Beijing Summit of the FOCAC was held on September 3 and 4, 2018. The summit was the largest diplomatic event held by China in 2018 and attended by the most foreign leaders. North Star Events once again won the guests' praise with its high standard, high quality, and high-class service.



The Beijing Summit of the FOCAC

ENHANCE CLIENT SATISFACTION

During the Reporting Period, the customer satisfaction rate of Beijing North Star has been continuously improved, and the prospective-owner satisfaction rate of new projects reached industry benchmark levels. This indicates the continuous attention that the Company has been paying to optimizing the implementation of customer satisfaction work in recent years, and the remarkable performance achieved as a result. While continuing to promote customer satisfaction management, during the Reporting Period, Beijing North Star developed and issued the implementation standards for customer reception service in sale offices and introduced the "mystery customer" inspection mechanism, realizing multi-dimensional supervision and improving customer service quality.

Regarding handling customer complaints, since the formal opening of the complaint hotline in May 2018, and up to December 31, 2018, North Star Real Estate received more than 40 customer complaints. For all complaints, the Company has communicated with the affected project companies at the first instance, and successfully provided feedback to complainants.

2018
Complaint addressing
rate was **100 %**

In dealing with complaints, the Company's project companies actively respond to customer demands, find and solves the root causes of customer complaints, and in order to prevent the recurrence of similar complaints, the Real Estate Group of the Company will subsequently sort out the sensitive points of customer complaints and fundamentally improve the quality of products and services.

In terms of the privacy protection of customers and guests, the Company adheres to a customer first behaviour standard, and resolutely protects customer information or privacy. All customer data collected in the process of real estate sales will be authorized by the buyer, and the relevant information will only be used for relationship management between owners and the Company. The Company has formulated and strictly followed procedures to protect the safety and privacy of hotel guests. For example, the Company's hotels will regularly conduct training of guest security and privacy for the frontline staff who are usually in contact with the guests. During the Reporting Period, the Company did not receive any complaints about violation of customers' privacy rights.

In addition, the Company has held a wide variety of owners' activities to help the owners establish a good relationship with others. These activities have been received highly praise from most of the owners.

Take "oxygen" back home in the spring

In March 2018, on a sunny spring, Changsha North Star Central Park¹ held an activity for owners to "take 'oxygen' back home in the spring". The sales team delivered luscious green plants to the owners in person, adding a touch of spring to the owners' life.

Happiness of the owners after receiving the plants



1. A real estate project developed by Beijing North Star in Changsha, China.

Create an elegant-life atmosphere for owners

It was a moment when the owners had an elegant gathering with their neighbours in a harmonic atmosphere together with the wonderful blend of the private visual and tasty feast. Guests of the dinner met with each other with fine wine and sincerity. On August 26, 2018, under the stars, the Beijing North Star-Michelin Owners Dinner was presented. The Company hoped each owner that attended could enjoy the starry sky with romance in the peaceful and cool summer night.

Well-decorated dining venue of Chongqing North Star Yuelai No.1²



In November 2018, a sharing of the art of tea ceremony at Chongqing North Star Yuelai No.1 was presented. North Star real estate property's owners and clients and fans of tea ceremony gathered in the sales office of Chongqing North Star Yuelai No.1. At the venue, they experienced the historical Chinese Zen Tea culture together in the early winter, enjoyed the warmth of tea and comprehended the spirits of tea culture.

Elegant sharing of the art of tea ceremony



Introduce intelligent mobile recharging vehicles to the green community

The number of new energy vehicles is increasing. With the knowledge that the number of parking spaces are particularly limited at the Fulinyuan³ community, and that some of the residents were unable to charge their electric cars given that they do not have a fixed parking place, the Green Home Management Office of the North Star's Xincheng Property Management Company introduced two small-sized and mobile electric recharging vehicles. These vehicles were welcomed by the property owners who use electric cars.

User-friendly mobile electric car charging



2. A real estate project developed by Beijing North Star in Chongqing, China.

3. A real estate project managed by Beijing North Star in Beijing, China.

MAINTAIN GOOD-NEIGHBORLY AND FRIENDLY RELATIONS

In the years of its operation, Beijing North Star believes that is very important to the majority of owners and the Company to create a harmonious, inclusive and friendly community environment. The Company's real estate development projects actively participate in and organise various owners' activities through joint efforts with the owners, to build a harmonious community together.

“Blue of Taihu Lake” Marathon

The "Blue of Taihu Lake" Half Marathon Challenge kicked off on September 24, 2018. The race was part of the "2018 Wuzhong Suzhou International Multi-day Walking Race" organised by the International Amateur Athletic Federation and the China Athletic Association. The real estate project, Suzhou Guanlan Mansion⁴, organised a team in which most of the participants were potential clients of the project. After the race, the clients enhanced their understanding of the project and had a full understanding of the conservation of natural resources at Taihu Lake.



Participants beside Taihu Lake

4. A real estate project developed by Beijing North Star in Suzhou, China.

Exchange sentiments of friendship with neighbours in a full moon night of mid-autumn

On September 8, 2018, the Mid-Autumn Festival Friendship Gala of the owners of Changsha North Star Delta⁵ was successfully held in Changsha Concert Hall and concluded perfectly.

More than 20 wonderful programmes were staged in the gala. The 260 entertainers who participated in the performance were all the owners of Changsha North Star Delta. More than 1,000 owners watched the performance. The performance covered dancing, singing, Peking Opera, musical instrument playing and other forms of art. The event greatly enhanced the emotional exchange between the Company and its real estate property owners, and further promoted the connectivity and mutual assistance among the neighbours at Changsha North Star Delta.



Wonderful Mid-Autumn Festival performance

Basketball game of North Star Central Park's owners

The first property owners' basketball game in Changsha North Star Central Park took place at the basketball court in Zone A in November 2018. The owners who are basketball lovers expressed their appreciation to the Company and property management company which organised the activity. Through the activity, the owners found their neighbours that love basketball.



The moments of the basketball game

5. A real estate project developed by Beijing North Star in Changsha, China.



GREEN DEVELOPMENT



EMPHASIS ON POLLUTION CONTROL



CHERISH ENERGY AND RESOURCES



PROMOTE PROTECTION OF
ECOLOGICAL ENVIRONMENT

EMPHASIS ON POLLUTION CONTROL

Beijing North Star attaches great importance to green development, strongly supports environmental protection work, actively implements pollution prevention and control management regulations which have already been formulated by the Company, and takes pollution prevention and control measures for project management, daily operation of the Company and construction site management, etc., in order to reduce the impact of its own operation on the environment.

By implementing unified standard management in the properties owned by the Company, the Company moves forward steadily. As of December 31, 2018, the pollution discharge permits of the Company and its subsidiaries and branches have all passed re-inspection, and pollutant discharges have met required standards.

EMISSION MANAGEMENT

The Company will never sacrifice ecological environment for economic development. In its process of business operation, the Company always abides by and implements the *Environmental Protection Law of the People's Republic of China*, the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the *Cleaner Production Promotion Law of the People's Republic of China*, the *Circular Economy Promotion Law of the People's Republic of China* and other laws and regulations. During the Reporting Period, the Company did not violate any environmental protection laws and regulations related to pollution discharge.

2018

Total emission amount of NO_x was **5.99** tonnes,
a reduction of approximately **10%** YoY

Total emission amount of SO_x was **0.029** tonnes,
a reduction of approximately **59%** YoY

For its hotel business, the Company continues to improve relevant industry management standards, and besides complying with the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, it strictly abides by and implement the *Emission Standards of Cooking Fume in the Catering Industry* and the *Beijing Atmospheric Pollutants Emission Standards* and other industrial atmospheric emission standards.

- Clean the kitchen fume purifier, smoke hood and flue every two months and issue the emission test report

- The kitchen is equipped with grease separator, defatted sewage is discharged into the municipal sewage pipe network, and the sludge is treated by qualified institutions

Standardise
Hotel Pollution
Control
Policies

- Temporary storage of hazardous waste shall be set up, and hazardous waste liquid generated in daily operation shall be dealt with by qualified institutions on a regular basis

- Entrust the specialised environment appraisal organisation to carry on the overall environment management appraisal regularly every year

NON-HAZARDOUS WASTE TREATMENT

Since its reform and opening-up, China's urbanization continues to speed up, and more and more people began a modern new life, leading to an increase in urban waste. In order to reduce the pressure on the landfill areas, Beijing North Star makes great efforts to reduce the generation of waste through practical actions, and actively classifies, recycles and reuses the waste. As the majority of waste generated in the daily operation of the Company is from equipment operations and the maintenance of the properties owned by the Company, the Company has strengthened the non-hazardous waste management of the properties it owns.

The Company's hotels implement dry and wet separation of non-recyclable general waste, and allocate special containers for kitchen waste and stores the kitchen waste separately. In addition, the Company uses the quantity of kitchen waste as an important indicator to measure procurement quantity, hoping to reduce the production of kitchen waste from the source. Moreover, general waste after dry and wet separation is collected, transported and disposed of by qualified companies or organisations respectively.

2018

Total recycled amount of glass products was **16,182.60** kg,
a growth of approximately **97%** YoY

Total recycled amount of plastic products was **35,105.00** kg,
a growth of approximately **380%** YoY

For recyclable wastes, hotels will classify, separate and reuse recyclable wastes generated by guest rooms. For example, old towels of guest rooms are reused as dust cloths after drying; used room soap is recycled and sent to the laundry room for eventual reuse; glass and plastic products are collectively recycled and reused by recycling enterprises commissioned by the Company.



Recycle and reuse discarded towels



Recycle and reuse hotel soap

For the purchase of consumables, the Company's hotels will choose packaging materials for biodegradable and environmentally-friendly products. There is no plastic bags and other packaging products in the guest rooms of hotels, which can help reduce non-biodegradable waste. As the Company's business does not involve the bulk purchase and use of packaging materials, therefore, the use of packaging materials data is not disclosed.

Small water bottles make big difference

A few years ago, employees of the Company's National Convention Centre observed that most of the guests participating in meetings would not drink all of the water in the 550 ml water bottles provided by the National Convention Centre, and considered that the purchase of these large-size bottled water would produce more plastic waste; therefore, the Company replaced the original bottled water with 380-ml one. After the implementation of the "Water Bottle Changing" initiative, the waste of bottled water in various meetings held at the National Convention Centre has been significantly decreased compared with that before the implementation of the initiative. Through the initiative, it has been estimated that 130,000 litres of drinking water can be saved annually. On the basis of ensuring and meeting the drinking water demands of the guests, the Company not only reduces the production of plastic waste and prevents the waste of drinking water, but also reduces the operating cost of the National Convention Centre.

Furthermore, in order to further reduce environmental pollution, strengthen the public's environmental awareness, and achieve the comprehensive recycling and utilization of drinking bottles, since 2014, the National Convention Centre has cooperated with The Green Love for Children project and equipped six smart drinking bottle recycling machines in the National Convention Centre venues. The machines use the Internet of things technology for the self-service terminal recycling of drinking bottles, and the users of these machines can earn rewards. The rewards include top-up of mobile phone fees and public transport cards, etc., users can also choose to donate the rewards to projects of charity funds. The introduction of the machines not only raised public awareness of environmental protection but also led to the recycling and utilization of drinking bottles.

In addition, the National Convention Centre launched bottled water with writing labels for guests in 2018. This prevents guests from confusing other water bottles from their own ones. Since the introduction of the bottled water, water wastage has been improved upon, and commended with guests' praise.

Water Bottle Changing



Smart drinking bottle recycling machine



HAZARDOUS WASTE TREATMENT AND MANAGEMENT

The Company strictly implements the relevant provisions of the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes* and screens hazardous waste according to the *Directory of National Hazardous Wastes*. The Company selects qualified suppliers that have qualifications in the operation, transportation, and disposal of hazardous waste, for the centralized collection and disposal of hazardous waste. In addition, in order to further strengthen the control of hazardous waste produced by the Company's office and operation sites and to ensure employees' health and safety, the Company developed and implemented the *Regulations for Hazardous Waste Management*. The internal policy has strict requirements for classification, storage, recording, and transportation of hazardous waste produced by the Company during its daily operations.

The Company continued to optimize the management of hazardous waste and strengthen the publicity and education of waste reduction during the Reporting Period. Under the premise of further expanding the corporate statistical scope of hazardous waste, there has been a significant decline in the overall production of hazardous waste, a very pleasing result for waste reduction.

2018

Total produced amount of hazardous waste was **2,627.42** kg,
a reduction of approximately **36%** YoY

In which, total produced amount of electronic waste was **468** kg,
a reduction of approximately **73%** YoY



Hazardous waste collection at fixed points



In addition, some of the Company's hotels adopt the IHG hazardous substances management policy. The hotels determine and carefully manage the isolated storage areas for hazardous substances in the hotels, including cleaning liquid, coating, paint remover, and diluent, thus avoiding potential health and environmental risks and improving the safety of the working environment. The hotels conduct training on risk identification and proper handling procedures for employees who are responsible for the disposal of hazardous substances. Moreover, each hazardous substance is properly transported and disposed of by a qualified collection and disposal company.

CHERISH ENERGY AND RESOURCES

In terms of resource use, Beijing North Star acts strictly in accordance with the Company's internal rules and regulations, which have been established to strengthen the use and management of energy and resources. Based on the use of feasible and reasonable technology, the Company reduces the consumption of energy and eliminates the waste of resources. Moreover, the Company pays close attention to internal resource utilization to maximize the utilization of resources.

GREEN UPGRADING

The Company abides by and implements laws and regulations such as the *Energy Conservation Law of the People's Republic of China*, the *Measures for the Administration of Energy Conservation in Key Energy Consumption Units*, the *Measures of Beijing Municipality for Supervision over Energy Conservation*, and the *Measures of Beijing Municipality on Water Conservation*. In response to the decision issued by the State Council to strengthen energy conservation, the Company has, whilst considering its operating situation, formulated and implemented a series of management and implementation plans for the promotion of green upgrading.

The Company keeps learning about the latest energy-saving technology and old equipment technical renovation methods in the market and makes reasonable internal promotion and application according to its actual conditions. During the period of the 12th Five Year Plan and 13th Five Year Plan in the PRC, the Company successively started five cleaner production projects, including replacing the absorption lithium bromide refrigerating machines with centrifugal chillers in the Public Facilities Management Company's east heating station, replacing lithium bromide refrigerating machines with high-efficiency screw chillers in the Hui Xin Offices, replacing circulating water pumps in the National Convention Centre and installing frequency conversion devices in ventilation units of the multi-function hall at the National Convention Centre, etc.

Rationalise the use of water resource

The Company's North Star V-Continent Beijing Parkview Wuzhou Hotel renovated old reclaimed water facilities, updated the original design capacity to 180 m³ per day, and added new cooling equipment in cooling tower, which provides natural cooling sources for the hotel in the transitional seasons every year, reducing the energy consumption of its air conditioning system.

After the equipment transformation and debugging in the reclaimed water facilities room of North Star V-Continent Beijing Parkview Wuzhou Hotel, electricity consumption was significantly reduced. The reclaimed water system saves water by recycling and purifying domestic sewage generated by the hotel for flushing in the hotel's toilets. As of the end of the Reporting period, the actual sewage treatment volume of the reclaimed water system was approximately 2,500 m³ per month.

By the end of the Reporting Period, the Company's Beijing International Convention Centre, National Convention Centre and North Star V-Continent Beijing Parkview Wuzhou Hotel had introduced an independently operated water treatment system and purchased reclaimed water from the municipal water pipe network to promote the recycling of water resources.



Reclaimed water facilities

Typical cleaner production projects of Beijing North Star

The National Convention Centre of Beijing North Star has been continuously implementing several cleaner production projects, which not only reduces energy consumption and pollution emissions but also creates significant economic value, which further reduces the medium- and long-term costs of the Company's operations. These typical cleaner production projects include:

- ◆ According to the difference between Chinese food and western food, the National Convention Centre adjusts the concentration of detergent to avoid the extra use of water;
- ◆ In view of the main facade of the main building of the National Convention Centre is a glass curtain wall, which has a significant cooling and heat loss at some joints, the Company re-glued all the facades of the building to reduce the cooling and heat loss and saved energy;
- ◆ The filter of the cooling tower at the main building of the National Convention Centre was renovated, which improved the heat exchange capacity and lowered down the electricity consumption of the cooling system;
- ◆ The cooling water pump in the building was transformed with a frequency conversion function, which can help to save approximately 211,000 kWh of electricity per year;

The Company's National Convention Centre cleaner production project officially started its application process in January 2016 and completed its audit in December 2016. Under the guidance of the Municipal Commission of Development and Reform and the leadership of the group level of the Company, the project has been put into operation after several years of transformation and construction and has brought good economic and environmental benefits. The project involves an estimated 28 upgrading schemes, in which over half are rectification schemes with low inputs and high outputs. After each scheme is put into operation, the Company can save 957,800 kWh per year in electricity and reduce the use of 598.8 GJ of municipal heat, and aggregative savings of 195.65 tonnes of standard coal per year and 7,200 m³ in water consumption, generating economic benefits of RMB 1,043,700.

2018
Total consumption of purchased heat was **267,702** GJ,
a reduction of approximately **8%** YoY
Total consumption of natural gas was **591,215.00** m³,
a reduction of approximately **10%** YoY

2018
Consumed water was 100% purchased municipal water
A reduction of total water consumption of approximately
32,757 m³
Consumed approximately **1.28** m³ water per square metre
of floor area

Since the central route of the South-to-North Water Diversion Project was officially operated at the end of 2014, the water shortage in the Beijing-Tianjin-Hebei region has been alleviated. Given that most of the properties owned by the Company are in Beijing, and the Company does use water on a large scale in its daily operations, the Company did not face any difficulties in sourcing water during the Reporting Period.

Energy saving and emission reduction of Beijing North Star were accepted by Chaoyang District Commission of Development and Reform

In the 2018 Key Energy Consumption Units Energy-saving Publicity and Education Training was held by the Chaoyang District Commission of Development and Reform, and the Company attended the meeting alongside relevant government departments and 57 key energy-consumption units in Chaoyang District. As a demonstration of excellence, the Company gave a speech of "Energy Conservation and Emissions Reduction, Focus on Action", sharing the Company's various achievements in energy conservation and emissions reduction to the audiences. In the future, the Company will keep in mind its corporate social responsibility, conscientiously implement President Xi Jinping's concept of "Lucid waters and lush mountains are invaluable assets", constantly perfect the relevant system of energy conservation and emissions reduction, conduct robust studies and research of new technologies, new processes, eliminate backward production capacity, explore potential energy saving and emission reduction opportunities, and improve the efficiency of the equipment to achieve a win-win result of economic and social aspects.



ENVIRONMENTALLY FRIENDLY OPERATION

In order to strengthen daily energy conservation management and improve the effectiveness of its environmental performance, the Company continuously optimises its energy management system, kept monthly records on the energy use of each branch and subsidiary, draws energy consumption comparison curves, and develops practical environmental protection solutions based on these figures. In 1991, the Company established a specific energy conservation office responsible for corporate equipment energy and resource management, which systematically manages the energy and resource use of the Company's properties in Beijing, supervises the implementation of specific energy conservation work, and continuously optimizes energy management.

2018

A reduction of approximately

238,098.15

kWh of purchased

electricity consumption

Consumed about

85.98

 kWh electricity

per square metre of floor area



Good performance of energy saving management in the InterContinental Beijing Beichen

During the Reporting Period, InterContinental Beijing Beichen purchased LED energy-saving lamps and replaced the PAR56 lighting equipment in the lobby on the second floor of the hotel. After the replacement, the average unit power consumption of lighting in the second-floor lobby was reduced from 300W to 50W. A total of 113 light sources were installed for the replacement, which is expected to reduce energy consumption by approximately 103,112 kWh of purchased electricity per year, based on 10 hours of use per day.

In addition, InterContinental Beijing Beichen has replaced 1,700 T5 fluorescent tubes with 13W LED lamps during the Reporting Period. It is estimated that through the replacement of the fluorescent tubes, about 111,690 kWh of electricity can be saved every year, and at the same time, the potential harm of toxic substances released after the damage of fluorescent tubes can be avoided.

Furthermore, InterContinental Beijing Beichen took several energy-saving rectification measures during the Reporting Period, including upgrading its lighting and exhaust systems, etc. After the implementation of the related measures, it is estimated that the Company can save approximately 285,648 kWh of electricity each year, which is equivalent to savings of about RMB 280,000 in electricity expenditure.



Regarding green offices, the energy saving office of Beijing North Star focuses on the modernization of equipment and energy management during the 13th Five-Year Plan period, continues to conduct in-depth research on the implementation methods of energy saving and consumption reduction, and continues to explore the application of new technologies, new energy and new equipment. Through "energy saving, consumption reduction and expenditure reduction", the Company can achieve better performance on environmental and economic aspects.

Each subsidiary and branch of the Company has suggested daily energy saving programmes, such as turning off lights after use, reusing waste paper, using energy-saving faucets and sprinklers, etc., to avoid energy consumption during peak hours. The Company also hopes that through the guidance of daily environment-friendly behaviour and concept, the consciousness of energy saving and emission reducing will be rooted in the heart of every employee.



PROMOTE PROTECTION OF ECOLOGICAL ENVIRONMENT

The 19th National Congress of the CPC clearly stated that ecological and environmental protection is a long-term and arduous task. As the industries closely related to people's life, real estate and hotel operation are gradually playing an important role in the development of environmental protection. Beijing North Star is deeply aware of the importance that practicing sustainable development which shall keep up with the trend of green development industry, and has set "low carbon, green and environmental protection" as the eternal theme of its project development and construction. The Company internally developed relevant management rules and regulations, which clearly require the Company through the research and development of green building and in the process of operation to publicise the concept of environmental protection, based on the Company's actual business operation, take the initiative to undertake environmental protection and social responsibility, to contribute to the national ecological and environmental protection construction.

GREEN BUILDING

The Company introduces the concept of green building in the development and operation of properties and refers to the green building and related sustainable development standards during the process of design, construction and operation. In most of the newly developed properties, the Company chooses to use energy-saving and environment-friendly building materials. The construction of all newly built projects in Beijing refers to the *Standard of Beijing Residential Building Energy-Saving Design (DB/J11-602-2006)* and the *Standard for Green Building Evaluation (GB/T50378-2014)*.



Green design and management of the China National Convention Centre

Green venue management

The National Convention Centre of the Company integrates the concept of energy conservation and environmental protection into the corporate culture, and actively promotes green and sustainable development with practical actions. The specific measures taken by the National Convention Centre in practicing the concept of environmental protection include booth promotion and guidance of the industrial chain to develop in an environmentally friendly way. The Company guides exhibitors to make full use of information means to reduce the use of paper and other disposable materials in exhibition promotion, audience registration, and other aspects. Besides, the National Convention Centre makes the green building as the entry point in strengthening the "green venues" construction and establishing the green unit database. The Company gives discounts and supports of participation fees and exhibition location to the exhibitors that use recycled materials in their booths.



Main Building of the National Convention Centre (aerial view)

Integrate green concepts in design

The National Convention Centre, jointly designed by the famous British company, RMJM, and the Beijing Institute of Architectural Design, strictly implements the national standards and relevant international requirements in every aspects, including greening and environment, natural ventilation, power supply, lighting and building materials, and integrates green concept into the design, which is a green building model with reference significance.



Design Highlights of the National Convention Centre

Curtain Wall

The light steel structure with large span is adopted as the support system, which not only saves energy and electricity, but also reflects the transparency and modern sense of the building to the maximum extent.

Hyperbolic Roof

The 60,000 m² unique roof shape can collect about 7,000 m³ of rainwater annually, which can be treated to irrigate the plants in the sunken garden and then help lower the ground temperature.

Wall

To use the lightweight sound insulation wall with high sound insulation performance can meet the high noise reduction requirements of some activities.

Roof Top

The building applies vertical aluminium alloy edge plating with good sound insulation.

Sunken Garden

The National Convention Centre has a skylight on the top and three sunken garden structures on the east side of the building with 7 meters below the ground, where the temperature is lower than normal. Using the temperature difference between the upper and lower air, the fresh cool air from the sunken garden will be discharged upward through air ducts, forming natural convection, which can save 380,000 kWh of electricity for the Company each year.



Bring green concept to exhibitions

The National Convention Centre applies green control over materials, energy, customers, and suppliers in the process chain of purchasing, establishing, holding and withdrawing exhibitions.

During the 13th International Green Building and Building Energy Conservation Conference - New Technology and Product Expo, most of the indoor building materials in the conference area were recyclable materials; therefore, the construction waste generated was also recyclable materials, which can be reused after disassembly to other exhibitions. Scentless and environmentally friendly waterborne paint was selected as spray paint, so that, participants would not feel uncomfortable in the venue.



IHG Green Engage System

In response to the national calls for green development and ecological civilization construction, the Company's InterContinental Beijing Beichen has not only set up an energy and environmental protection committee, but also formulated an action plan for energy and environmental protection. In addition, the hotel uses an international advanced energy control system, ESCAP system, to monitor energy consumption and control waste effectively and timely.

Since the establishment of Green Engage system in 2013, InterContinental Beijing Beichen has completed 56 green management solutions, and joined IHG's IHG Green Engage and Green Participation Programme in 2017 and obtained the level-2 certification of the programme. This certification shows that the hotel has achieved its own sustainable development benefits in the completion of practical solutions including tracking energy consumption data, building a hotel environmental team and installing energy-saving lighting fixtures in the guest rooms; in addition, the hotel has taken relevant measures to constantly consolidate and exceed the basic requirements, continue to implement sustainable procurement and other solutions, and integrate the concept of sustainable development into the operation of the hotel.




InterContinental Beijing Beichen in the evening

ENVIRONMENTALLY FRIENDLY CONSTRUCTION

The Company earnestly implements the requirements of the PRC and the Beijing municipal government on environmental protection, including but not limited to the *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise*, the *Standard for Green Construction Management* and relevant standards, regulations and documents of dust control, etc., actively completes various environmental protection tasks assigned by the superior units, and reduces the impact of project construction on the surrounding environment by formulating and unifying relevant internal management policies and measures.

The Company is responsible for managing the potential environmental pollution and impact in its daily operation. The Company has developed and implemented the internal standardised management system, such as the *Regulations on the Management of Maintenance Residue and Waste Disposal of the Engineering Department*, to effectively control the environmental impact of the properties and facilities owned by the Company during maintenance and upgrade.

 <p>Overview of the Regulations on the Management of Maintenance Residue and Waste Disposal</p>	A specific management team is responsible for residual material and waste collection and record.
	Remaining maintenance materials shall be returned to the full-time management team
	Remaining materials should be timely used and unified stored in maintenance or cleaning
	Department supervisor is responsible for verifying whether the remaining material can be reused or not; if not, the material is seen as waste.
	<p>Waste disposal ways:</p> <p>If there are recycling enterprises in the society, the waste will be sold through the financial department of the hotel/ project;</p> <p>If there is no recycling enterprise in the society, the waste will be disposed according to its nature.</p>

ADVOCATE GREEN CULTURE

The Company actively cooperates with the relevant national and regional governmental departments to advocate laws and policies of energy conservation and energy-saving knowledge. Through practice, the awareness of energy conservation, environmental protection and efficient use of resources is integrated into the daily operation of the Company's business sections. During the Reporting Period, the Company carried out various material recycling work smoothly and further expanded the implementation scope of recycling work; the overall amount of recycling increased significantly compared with last year.

2018



Daily green operation

The Company's North Star V-Continent Beijing Parkview Wuzhou Hotel strengthened the guidance of environmental protection and energy conservation education for hotel employees in 2018, and introduced a series of low-carbon environmental management measures:

- ◆ Guide the employees to adjust the temperature of the air-conditioning and refrigeration unit under the condition of satisfying the guests' comfort.
- ◆ All departments and office employees are required to turn off lights, computers, and office equipment after work.
- ◆ Clean air conditioning unit and fan coil to improve operational efficiency
- ◆ Implement equipment upgrade, install air conditioning intelligent control equipment, automatic adjustment of air conditioning equipment.
- ◆ Encourage employees to use double-sided office paper to avoid unnecessary printing.
- ◆ Employees are required to disinfect and clean the used bed sheets and bedclothes in the guest room before reasonable use.



Clean air conditioning unit to improve operational efficiency

Green guidance for guests

Some of the Company's hotels actively seek innovation and breakthroughs in sustainable development and help guests pay attention to the hotel's environmental protection measures and encourage them to participate by the green posters and energy-saving tips. For example, hotels offer advice on choosing locally sourced food and beverages in their restaurants' menus and through bathroom signs to provide guidance for more efficient use of water.



Green tips to hotels' guests

争当岗位能手 激励创新成才

咖啡调制技能比赛及创意下午茶研发成果展示活动

—— 职工素质建设工程岗位练兵 ——

主办单位：公司工会 公司人力资源部 公司团委
承办单位：五洲·会议中心
协办单位：啡印咖啡（北京）有限公司
北京李明咖啡投资管理有限公司
比赛时间：2018年9月

CARING FOR EMPLOYEES



OPTIMISE EMPLOYMENT RELATIONSHIP



SOUND TRAINING MECHANISM



EXCELLENT WORKING ENVIRONMENT

OPTIMISE EMPLOYMENT RELATIONSHIP

Beijing North Star adheres to the "people-oriented" management concept, to establish a warm corporate family. The Company has been working hard to create a warm, caring, safe and harmonious working environment for its employees, and to build a platform which is suitable for the employees' own development, so that employees and the Company can grow together, thus enhancing the cohesion of the Company.


SOUND EMPLOYMENT SYSTEM

The Company strictly abides by and implements the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Regulation on the Implementation of the Employment Contract Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China* and the *Law of the People's Republic of China on the Protection of Minors* and the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, the *Provisions on the Prohibition of Using Child Labor* and the *Law of the People's Republic of China on the Protection of Disabled Persons* and other employment-related laws and regulations. Employment of child labour and use of forced labour are strictly prohibited by the Company. All applicants must provide legal and valid identification documents before employment. If any employment of child labour or use of forced labour is found, the Company shall dismiss the related personnel in time and conduct the relevant procedures in accordance with the above laws and regulations. All employees shall sign the Labor Contract with the Company before entering the Company, which clearly states the rights and obligations of employees during the period of their employment. During the Reporting Period, the Company did not violate any laws and regulations concerning the employment of the labour force and prohibiting the employment of child labour and use of forced labour.

The Company has held many human resources seminars and extensively consulted opinions from various parties, and finally formulated and implemented 8 internal employee management policies, including *the Measures of Training Management*, the *Management Measures of Recruitment and Allocation*, the *Management Measures of Cross-training*, the *Management Measures for Technical and Technical Talent Studios*, the *Relevant Regulations on the Management of Human Resources Information System*, the *Management Measures of Labour Contract*, the *Management Measures of Internal Retirement*, and *the Measures of Supplementary Medical Insurance*.

The Company not only pays various statutory insurance for all employees on time and in full amount but also provides several supplementary benefits such as the corporate annuity, supplementary medical treatment and mutual assistance insurance for employees, so as to comprehensively increase the life security of employees and enhance their sense of security and satisfaction.

According to the Company's Management Measures of Labour Contract, Beijing North Star provides:

 Employee welfare	◆ Reasonable salary and people-oriented benefits
	◆ The working hours under the regulation of national labour law
	◆ Annual leave, personal leave, sick leave, marriage leave and maternity leave, etc
	◆ Regular performance appraisal, salary adjustment and promotion plan
	◆ Pay Social Insurance and the Housing Fund in the PRC for employees in accordance with national and local laws and regulations

The Company adheres to the principle of salary management of distribution according to work to build a salary system and pay the salary reasonably. At the same time, the Company also pay attention to ensure the balance between work and lifetime of employees, to ensure that the working hours of employees meet the requirements of national labour laws and regulations. In addition, the Company conducts an annual performance appraisal and assessment for all employees and arranges salary adjustment and promotion according to the working ability and performance of each employee. The Company shall demote or change the position of the employee who has failed in continuous assessment. If the employee still fails to meet the standard, the Company shall negotiate with the relevant employee to terminate the labour contract and pay him/ her reasonable dismissal compensation according to the laws.

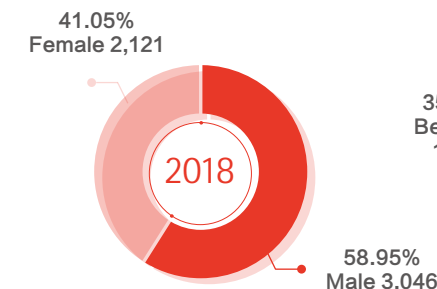
The Company is committed to maintaining the rights of employees, respecting the differences between employees, providing each employee with a suitable working environment for their own development, and enhancing the cohesion of employees through the implementation of human resources policies, employee welfare, vocational training and related activities, so as to enhance the sense of belonging of employees.

As of December 31, 2018, the number of employees in the Company and its subsidiaries and branches is

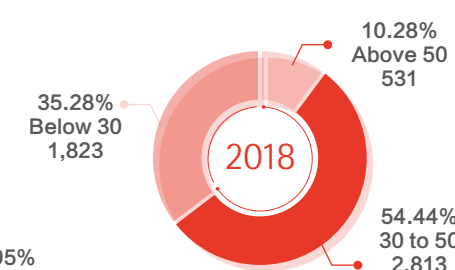
 5,167

Employee structure:

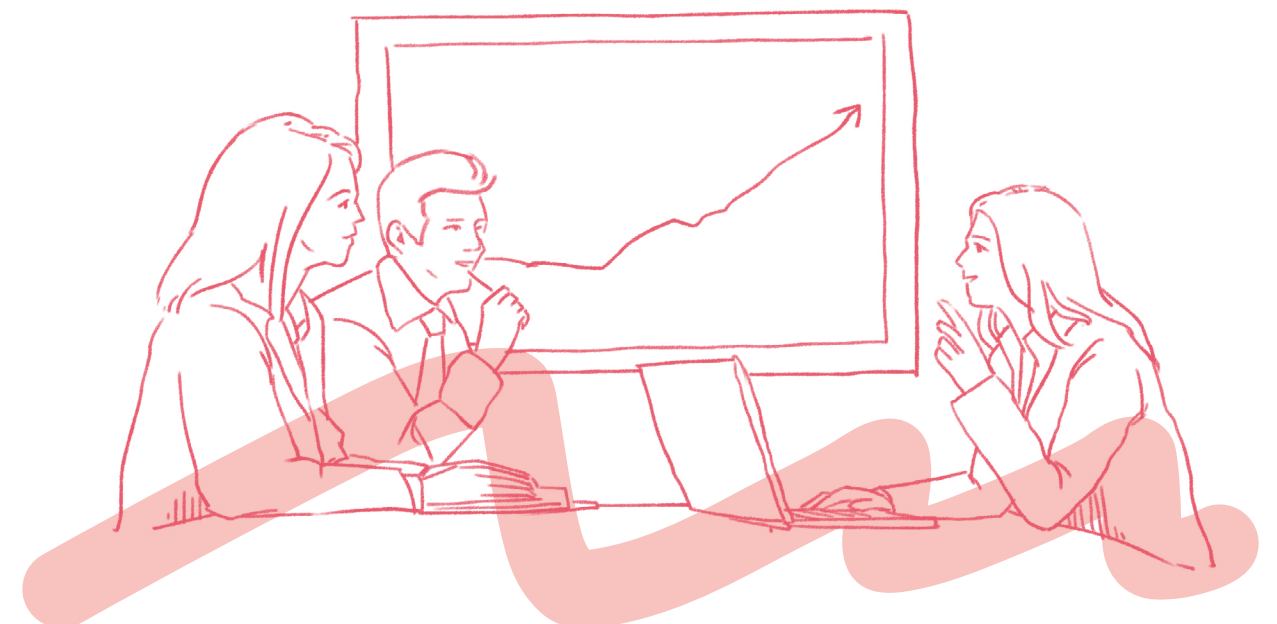
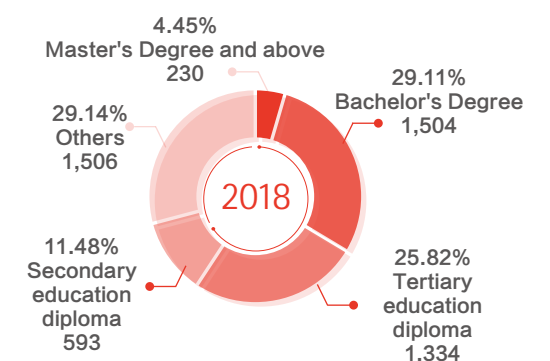
| By gender



| By age group



| By educational background



FAIR AND STANDARDISED RECRUITMENT MANAGEMENT

The Company respects and treats employees of different genders, ages, religious beliefs, and cultural backgrounds fairly, and strives to build a diversified and creative team. No matter for campus recruitment or social recruitment, the Company adheres to the principle of transparent and open talent selection and respects every applicant. During the Reporting Period, the Company did not receive any complaints against the rights and interests of the applicants and employees. The Company strictly adheres to the recruitment principles of "strict entry and strict service", and earnestly implements the recruitment procedures of "transparent recruitment standards and standardised recruitment process", thus reducing the risk of the Company's recruitment to the greatest extent.

University-enterprise cooperation

The Company attaches great importance to the introduction of graduates, increases the introduction of high-quality talents with strong professional ability, constantly strengthens and improves the practice platform for graduates, and contributes to the promotion of graduate employment rate. During the Reporting Period, the Company has strengthened the introduction of college graduates and participated in nearly 50 on-campus job fairs held in the Renmin University of China, the Central University of Finance and Economics, the China Youth University of Political Science, the Beijing Forestry University, the Beijing University of Technology, the Beijing University of Architecture and the Beijing Foreign Studies University, etc. The Company has recruited 132 graduates of all kinds in total, among which 25 have handled with tripartite agreements.

In addition, during the Reporting Period, the Company successively provided internship positions for about 650 students from universities and colleges, providing valuable opportunities for them to know the society, integrate into the society and adapt to the society.



Campus recruitment

Unique recruitment

In response to the Beijing Municipal SASAC and the Beijing Municipal Human Resources and Social Security Bureau and other governmental departments, during the Reporting Period, the Company organised and took part in more than 10 different special recruitment fairs, including recruitment for college-degree village officials, recruitment for independent-choosing-profession veterans, recruitment for retired college soldiers, recruitment for army families, recruitment for key college graduates, and recruitment for post-graduates, etc., and hired 5 key position talents. During the Reporting Period, the Company adhered to its corporate social responsibility, actively performed the social employment and resettlement work of state-owned enterprises, and had great performance.



The recruitment fair

SOUND TRAINING MECHANISM

Beijing North Star strictly follows the internal *Measures of Training Management*, respects and helps each employee to realize his/ her personal value, and constantly builds a perfect talent training system and a reasonable and smooth channel for employee promotion, to help each employee to achieve his/ her career development blueprint. The Company hopes to improve the professional abilities of its employees and enhance the corporate comprehensive strength through a sound training mechanism.

In recent years, the Company has been continuously strengthening the national layout of real estate development and the output of exhibition brands. Trans-regional real estate projects, entrusted management projects of exhibition hotels and reception projects of state-level high-end government affairs activities have increased rapidly. The Company's demand for various talents, especially professional talents and senior management talents, has been greatly increased. The Company may face the risk of talent shortage in the short term.

In view of the above risks, the Company actively promotes talent cultivation and accelerates talent reserve by organising and carrying out a series of courses, including the training courses for general managers of real estate projects, senior managers of exhibition and senior managers of finance. At the same time, the Company has successively issued regulations on the basic qualifications of different levels to further clarify the employment standards, standardise the introduction procedures, optimize the personnel structure, stimulate the internal vitality of the organisation, and provide talent guarantee for the Company's long-term and stable development.

Centring on the cultivation of professional talents, the Company continues to strengthen management training and enhance the professional ability of employees and continues to strengthen the cultivation of high-level management personnel and professional and technical personnel. First, in line with the Company's development strategy during the 13th Five-Year Plan, the Company organises and carries out training sessions for middle management personnel and does a good job in the training of middle management personnel within the Company. The second is to organise the Company and its subsidiaries and branches to continue to carry out job training and improve the working skills and business ability of the employees.

Organise ability training of directors and supervisors in the Company's subsidiaries

For further improving the level of corporate governance and strengthening the ability of corporate management and control, the Company organised and carried out training courses for improving the ability of directors and supervisors of the Company's subsidiaries. Through the training, the professional ability, strategic thinking and other aspects of the directors and supervisors were improved.



Training session

Organise corporate middle-level management training

In order to improve the comprehensive quality and management ability of the Company's middle-level managers, the Company carried out the training for the middle-level managers with the main content of "management skills of the post-90s employees" and "employee motivation" by virtue of the Public Welfare Class project of the Beijing General Labour Union, and provided more management ideas for the middle-level managers from the aspects of theory and practice for their management concept, management methods and management skills.

Organise orientation programme for fresh graduates

In order to help fresh graduates understand Beijing North Star and integrate into the Company more quickly, the Company held a training activity for fresh graduates in 2018. After the training, the Company arranged new employees to visit the real estate project of, North Star Red Oak Villa, in order to let the over 100 new employees have a better experience about the vigorous development of the Company.



Photo of the fresh graduates

EXCELLENT WORKING ENVIRONMENT

Beijing North Star attaches great importance to the physical and mental health of employees, and regularly organises employees to qualified medical institutions for physical examination each year, to ensure that each employee can be full of spirit, and with a healthy body into the work. In order to protect the health of employees and enable each employee to work in a safe and comfortable environment, the Company continuously maintains the equipment and facilities of the offices and other operating sites to ensure that the indoor lighting is appropriate and air ventilation is maintained. In addition, each office area and operation site of the Company are equipped with the pantries, washrooms, restrooms and activity rooms, and other spaces for the leisure time of employees.

The Company strictly abides by the *Work Safety Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and other laws and regulations on safe working environment and the prevention and control of occupational diseases of employees. During the Reporting Period, the Company has not violated any laws and regulations on the occupational health and safety of employees.

ENRICH STAFF LEISURE LIFE

In order to strengthen the construction of corporate culture, the Company organises different kinds of culture, sports, and social activities regularly, which are widely praised by the employees.

Launch skill competition of employees

In September 2018, the Company launched the "Coffee Making and Creative Afternoon Tea Research and Development Achievements Show" activity, focusing on the coffee making and creative afternoon tea research and development achievements exhibition of the Beijing Continental Grand Hotel, the National Convention Centre Hotel, the North Star V-Continent Beijing Parkview Wuzhou Hotel, the Yuan Chen Xin International Hotel, and the InterContinental Beijing Beichen. The activity has promoted the learning and communication of the Company's professional and technical personnel training. Through professional post-training, skills competition and achievements display, the coffee making and service level of the cafes in the Company's hotels have been improved, and the operation of service company has been implemented.



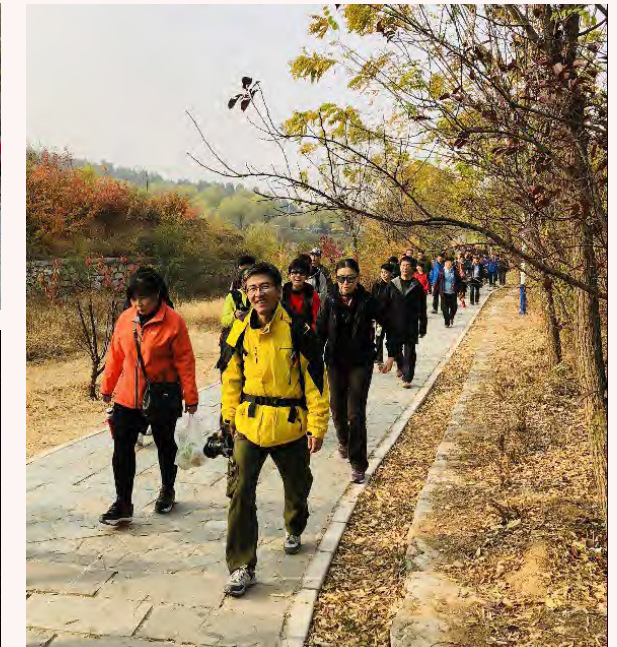
Winners of the coffee making competition



Wonderful coffee making competition

Beijing North Star's employees hiked in the red autumn of 2018

On the morning of November 3, 2018, the 2018 North Star Employee Autumn Hiking activity jointly organised by the Company's labour union and the corporate committee of the CYL and undertaken by the Office Building Company was successfully held in the Wucaiqian Mountain in Shunyi District of Beijing. More than 300 employees from the headquarters and 16 subordinate units gathered together for hiking and taking photos. The employees who participated in the activity walked up the national fitness hiking trail of Wucaiqian Mountain all the way, had close contact with the colourful autumn scenery, which not only relaxed their mood, exercised their bodies, enhanced their relationship, but also promoted their sense of collective belonging and cohesion.



The 12th "North Star Cup" Employee Badminton Game of North Star

On September 11, 2018, the 12th North Star Cup Employee Badminton Game was successfully concluded at the Jiangzhuang Lake Badminton Stadium. The game lasted for 4 months. More than 140 members from 12 participating units of North Star went through two stages of 30 rounds and 150 matches. Finally, the team from Office Building Company won the Championship.



A photograph of children in a workshop setting, focused on creating traditional Chinese marionettes. A boy in a yellow jacket is in the foreground, holding a wooden rod connected to a marionette. Other children are visible in the background, also working on their projects. The scene is lit with warm, indoor lighting.

CONTRIBUTE TO THE SOCIETY



SUPPORT “CHUNMIAO”



SUPPORT POVERTY ALLEVIATION

For a long time, Beijing North Star's stable development is inseparable from the encouragement and support of all sectors of the society. Since the Company incorporated, the Company has been involved in social welfare activities, and actively contributes to the community. The Company and its subsidiaries and branch companies have been carrying out social public welfare activities for many years. Through charity donations, voluntary activities, poverty alleviation and disability assistance, the Company has enhanced social welfare, improved its corporate ethics and promoted the healthy and harmonious development of the society.

At present, the Company's main forms of participation in social welfare include donation to public charity foundation and participation in poverty alleviation work. The funds and materials invested by the Company in public welfare projects are mainly for women and children's care, medical and health care aspects, and social poverty alleviation, etc.

SUPPORT “CHUNMIAO”

Caring for the development of distressed children is the consistent social responsibility of North Star. On January 12, 2018, the Company launched a charity donation activity with the theme of "Caring for Children, Grateful to You", and donated the sixth phase of RMB 950,000 to Beijing Chunmiao Children's Aid Foundation. The Company has been cooperating with Beijing Chunmiao Children's Aid Foundation since 2012 and has donated to the foundation for six consecutive years. Over the years, the Company continues to give its love to the society, deliver positive energy, and hope to help more disabled children and orphans out of difficulties.

As of December 2018, the Company has helped 229 children with congenital diseases and provided annual medical, educational and living costs for 36 orphans.



SUPPORT POVERTY ALLEVIATION

As a municipal state-owned enterprise, Beijing North Star has resolutely implemented the decision and plan of the CPC Central Committee on winning the battle against poverty and actively fulfilled its social responsibility of state-owned enterprise to carry out facilitating targeted poverty alleviation. The Company seriously implements targeted poverty alleviation work. In 2018, the Company and Baihutou Village, Zhaitang Town, Mentougou District of Beijing signed the assistance agreement of "One Company Helps One Village". With industrial poverty alleviation and employment poverty alleviation as the entry points, the Company has continuously enhanced the sustainable development capacity of the regions where it helps and achieved good results in poverty alleviation.

At present, the Company has started to work out a three-year plan centring on targeted poverty alleviation. In the future, the Company will continue to make efforts on the basis of previous targeted poverty alleviation work, give play to its own advantages, strengthen its responsibility, and combine its own development with the fulfilment of social responsibility more closely, so as to contribute to the success of the battle against poverty.



As of December 2018,
the Company has
donated RMB

950,000

Helped **30** children in
“Little Seeding” medical
project

Helped **10** orphans
in “Little Tree” growth
project



PROMOTE
INTEGRITY

北辰集团
北辰实业

2018 年党风廉政建设工作会



In the building of clean governance and anti-corruption work, Beijing North Star adheres to the spirit of the 19th National Congress of the CPC as the guide, and studies and plans the discipline inspections and supervision works in 2018. The Company shall continue to promote the building of clean governance and anti-corruption works, and comprehensively enhance the work of strict party governance. The Company strictly abides by the *Criminal Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China* and other laws and regulations. In the aspect of system construction, the Company formulated and revised 6 policies in total such as the *Case of Discipline Inspection Work Responsibility System*, the *Implementation Measures of Implementing the Conversation System for Clean Governance of the Corporate Leading Personnel*, etc. The Company through the detailed provisions, quantitative indicators, strict power supervision, and further broaden the whistleblowing channels, seriously handles the problem clues, and strives to improve the quality and effect of whistleblowing.

In terms of strengthening the transmission of responsibilities, the Company's party secretary and the Company's secretary of the commission for discipline inspection signed the 2018 Annual Party Integrity Construction Main Personnel Responsibility and Supervision Responsibility Agreement with the second-level enterprises; totally 34 agreements were signed. The members of the Company's leading group and the departments in charge signed the responsibility agreements respectively. The CPC organisations at all levels of the Company signed the *Party Integrity Construction Responsibility Agreement*, achieving full coverage of responsibilities.

In order to thoroughly carry out the main responsibility of the Company's overall strict party governance, the discipline inspection commission of the Company pays attention to coordination and integration of supervision. The Company through holding the anti-corruption related leading group office meeting, conduction briefing and joint inspection, etc., gives full play to the oversight functions of internal audit, openness of operation affairs and openness of party affairs, making solid progress of party code of ethics and clean governance construction.

During the Reporting Period, the Company did not involve in any bribery, extortion, fraud and money laundering and other violations of law and discipline cases.

Continually conduct publicity and education to improve party conduct and clean government

To promote the party's style of the cultivation of clean government propaganda and education, the Company widely conducted the study of the *Chinese Communist Party Disciplinary Regulations*, watched warning educational films, the *Alarm Bells Ringing* and the *Anti-Corruption Drive is on Its Way*, held educational seminars with warning theme for municipal leaders and management, and other learning activities, which formed the good atmosphere of regulation complying and abiding. Thoroughly carried out the publicity and education activities for the construction of party integrity, organised the middle-level and above management personnel and discipline inspection cadres of the Company to participate in examinations about party code of ethics and clean governance. In addition, the Company by offering lectures on the construction of party code of ethics and clean governance, issuing warning 800 educational books and periodicals, the *Comprehensive Strict Party Discipline Special Rectification Knowledge Manual*, the *Documents of Enterprise Leaders Daily Compile Disciplinary*, and the *Handbook of General Knowledge for Discipline Inspection and Supervision Cadres*, etc., compiling and printing typical case analysis materials and offering micro platform information, etc. to enhance the awareness of honesty and self-discipline of the Company's party members and leading cadres.



In terms of strengthening the transmission of responsibilities, the Company's party secretary and the Company's secretary of the commission for discipline inspection signed the 2018 Annual Party Integrity Construction Main Personnel Responsibility and Supervision Responsibility Agreement with the second-level enterprises; totally **34** agreements were signed.

Issued warning **800** educational books and periodicals, the *Comprehensive Strict Party Discipline Special Rectification Knowledge Manual*, the *Documents of Enterprise Leaders Daily Compile Disciplinary*, and the *Handbook of General Knowledge for Discipline Inspection and Supervision Cadres*, etc.

COMPREHENSIVE PERFORMANCE

The statistical and calculation methods used in this report are noted. Past data and data of some indicators have been sorted out and presented. Unless otherwise noted, the data provided in this section are the aggregate data of the corresponding year or the data of December 31 of the corresponding year.

ROBUST MANAGEMENT

Economy and Governance

Economic performance⁶

Indicator	2018	2017
Revenue (RMB'000)	17,859,790	15,303,224
Profit before income tax ⁷ (RMB'000)	3,860,018	2,979,513
Earnings per share (RMB per share)	0.4168	0.4128
Asset-liability ratio	77%	78%

Prevention of bribery and corruption:

Indicator	2018	2017
Number of cases involved bribery, extortion, fraud and money laundering	0	0

CLIENT ORIENTED

Quality of Product and Service

Service performance:

Indicator	2018	2017
Number of lawsuits in which products and services are suspected of safety and health problem	0	0
Number of cases in which products and services are suspected of infringing intellectual property rights	0	0
Number of complaints about leaking customer information	0	0

6: The currencies involved are listed in RMB and the relevant information is subject to the contents of the annual report of Beijing North Star Company Limited in the relevant year.

7: According to the HKFRSs.

GREEN DEVELOPMENT

Emissions

Atmospheric pollutant emission⁸:

Indicator	2018	2017
NO _x (tonne)	5.99	6.68
SO _x (tonne)	0.029	0.070

Greenhouse gas emission⁹

Indicator	2018	2017
Total GHG emissions (tonne CO _{2eq})	44,103.43	44,459.83
Direct emissions (Scope 1) (tonne CO _{2eq})	1,431.95	1,640.56
Indirect emissions (Scope 2) (tonne CO _{2e})	42,675.46	42,819.27
Emission reduced by held trees ¹⁰ (tonne CO _{2e})	3.98	N/A ¹¹
Total GHG emissions per square meter of floor area ¹² (Scope 1 and 2) (tonne CO _{2e})	0.0537	0.0541

Non-hazardous waste

Indicator	2018 ¹³	2017 ¹⁴
Total non-hazardous waste generated (kg)	5,034,858.00	4,312,389.00
Kitchen waste (kg)	3,138,443.00	2,196,039.00
General waste (kg)	1,896,415.00	2,116,350.00
Total non-hazardous waste generated per square meter of floor area (kg)	6.13	5.25
Compliant disposal ¹⁵ rate of non-hazardous waste	100%	100%

8: The calculation of this scope includes the emissions from gas stoves and boilers of the Company's property holding projects in Beijing as of 2018. The calculation method of air pollutant emissions was referred from 《第一次全国污染源普查城镇生活源产排污系数手册》 published by the State Council of the People's Republic of China.

9: The calculation method of GHG emissions was referred from 《北京市企业（单位）二氧化碳排放核算和报告指南（2016 版）》. the scope of direct GHG emissions includes usage of gas stoves and boilers, and the scope of indirect GHG emissions includes electricity consumption.

10: The tree emission reduction data are calculated based on the number of trees with a height of 5 meters or more held by the Company in 7 major hotels, convention and exhibition centres and apartments in Beijing, and the conversion factors provided by the Hong Kong Environmental Protection Department and the Hong Kong Electrical and Mechanical Services Department.

11: The number of trees with a height of 5 meters or more held by the Company was not counted in 2017.

12: Floor area includes the building area of the Company's property holding projects in Beijing as of 2018, which is the same as in 2017.

13: The amount of hazardous and non-hazardous wastes in 2018 is calculated on the basis of the scope disclosed in 2017, plus the Company's subsidiaries/ properties (i.e. the main building of the National Convention Centre, office buildings, apartments and North Star Events Group).

14: The amount of hazardous and non-hazardous waste in 2017 was calculated from the annual kitchen waste and general waste of 4 hotels of the Company in Beijing.

15: Commissioned a non-hazardous waste disposal company that meets related national requirements of China to deal with it.

Hazardous waste¹⁶:

Indicator	2018	2017
Total hazardous waste generated (kg)	2,627.42	4,088.81
Fluorescent tube contained mercury (kg)	1,434.00	1,777.70
Electronic waste (kg)	468.00	1,715.00
Waste battery (kg)	261.37	276.51
Used cartridge (kg)	464.05	284.40
Waste oil for cleaning air-conditioning systems (kg)	0.00	35.20
Total hazardous waste generated per square meter of floor area (kg)	0.0032	0.0050
Compliant disposal ¹⁷ rate of non-hazardous waste	100%	100%

Emission and discharge compliance:

Indicator	2018	2017
Number of cases involving illegal discharge of pollutants into the environment	0	0

Use of Resources

Energy consumption¹⁸

Indicator	2018	2017
Total energy consumption (MWh)	152,057.72	160,054.36
Purchased electricity (MWh)	70,654.73	70,892.83
Natural gas (MWh)	6,278.88	6,948.61
Petrol (MWh)	474.33	982.84
Diesel (MWh)	282.07	486.39
Purchased heat (MWh)	74,367.72	80,743.68
Total energy consumed per square meter of floor area (MWh)	0.1850	0.1948

Paper consumption:

Indicator	2018 ¹⁹	2017
Total paper consumption (piece)	N/A	376,500
FSC or PEFC certified paper consumption (included in total paper consumption)	N/A	170,000
Total paper consumed per employee (piece)	N/A	70.92

16: Relevant data are converted to the Company's unified calculation according to the average quality of different wastes.

17: Commissioned a hazardous waste disposal company that meets related national requirements of China to deal with it.

18: The scope of calculation includes the total resources consumption of the Company's property holding projects in Beijing as of 2018. Energy consumption data was based on the amount of purchased electricity and fuels consumed and the relevant conversion factors provided by the International Energy Agency.

19: The Company is unable to provide the specific paper consumption in 2018 due to the change of paper suppliers during the reporting period.

Water consumption:

Indicator	2018	2017
Total water consumption (m ³)	1,051,352.94	1,084,109.94
Percentage of purchased municipal water	100	100
Total water consumed per square meter of floor area (m ³)	1.28	1.32

Mitigate Natural and Environmental Impacts

Waste recycled and reused:

Indicator	2018	2017
Glass product (kg)	16,182.60	8,219.70
Plastic product (kg)	35,105.00	7,320.00
Discarded towel (piece)	61,454	44,277
Used soap (kg)	2,591.00	4,380.00
Used toothbrush (piece)	299,639	264,000

Environmental greening:

Indicator	2018	2017
Held trees with height above or equal to 5 metres ²⁰	173	N/A

Environmental protection compliance:

Indicator	2018	2017
Number of cases involving damage to the natural environment	0	0

CARING FOR EMPLOYEES

Employment

Employee structure:

Indicator	2018	2017
Total number of employees	5,167	5,309
By gender		
Male	3,046	3,072
Female	2,121	2,237

20: The data was not counted in 2017. The 2018 data were collected from the Company's 7 major hotels and convention and exhibition centres in Beijing.

Indicator	2018	2017
By educational background		
Master's Degree and above	230	208
Bachelor's Degree	1,504	1,459
Tertiary education diploma	1,334	1,416
Secondary education diploma	593	1,016
Others	1,506	1,210

By age group		
Above 50	531	549
30 to 50	2,813	2,885
Below 30	1,823	1,875

Remuneration:

Indicator	2018	2017
Ratio of basic salary and remuneration of female employees to male employees		
Management	1.0	1.0
General employees	1.0	1.0

Occupational Health and Safety

Employees' health and safety:

Indicator	2018	2017
Work-related fatalities (case)	0	0
Number of reportable work ²¹ injury	0	0
Injury rate ²² (per 200,000 hours work)	0	0
Occupational disease rate ²³	0	0
Number of lost day due to work-related injury	0	0

21: Reportable injuries refer to work-related accidents to employees that resulted in incapacity for a period exceeding three days.
22: The injury rate is calculated based on the number of injuries per 200,000 hours worked.
23: The occupational disease rate is calculated based on the number of occupational diseases per 200,000 hours worked.

CONTRIBUTE TO THE SOCIETY

Social Investment

Charity:

Indicator	2018	2017
Amount of community/charity investment ²⁴ (RMB'000)	950	95
Accumulative number of helped children with congenital diseases	265	225
Number of orphans in "Little Tree" growth project (among which)	10	26
Number of children in "Little Seeding" medical project (among which)	30	35

Targeted poverty alleviation:

Indicator	2018	2017 ²⁵
Money invested in the designated poverty alleviation work ²⁶ (RMB'000)	212	N/A
Accumulative number of registered poor people who overcome poverty with the help of the Company	26	N/A

24: Including monetary value of input fund and resources for the Targeted Poverty Alleviation.
25: Data of 2017 was not counted, since the projects launched in 2018.
26: Including monetary value of input fund and resources.

SEHK ESG REPORTING GUIDECONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs		Locations of Disclosure or Remarks
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	This Report – Green Development (pages 28 to 31)
KPI A1.1	Types of emissions and respective emissions data	This Report – Green Development (pages 28 to 31)This Report – Comprehensive Performance (pages 57 to 58)
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	This Report – Comprehensive Performance (page 57)
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	This Report – Comprehensive Performance (page 58)
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	This Report – Comprehensive Performance (page 57)
KPI A1.5	Description of measures to mitigate emissions and results achieved	This Report – Green Development (page 28) This Report – Comprehensive Performance (page 57)
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	This Report – Green Development (pages 29 to 31)
Aspect A2: Use of Resources		
General Disclosure	Policies on efficient use of resources including energy, water and other raw materials	This Report – Green Development (pages 32 to 34) Due to the nature of the Company's business, matters relating to packing materials are not applicable.
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	This Report – Comprehensive Performance (page 58)
KPI A2.2	Water consumption in total and intensity	This Report – Comprehensive Performance (page 59)
KPI A2.3	Description of energy use efficiency initiatives and results achieved	This Report – Green Development (pages 32 to 34)This Report – Comprehensive Performance (page 58)
KPI A2.4	Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved	This Report – Green Development (page 33)
KPI A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced	Due to the nature of the Company's business, matters relating to packing materials are not applicable.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	This Report – Green Development (pages 35 to 39)
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	This Report – Green Development (pages 35 to 39) This Report – Comprehensive Performance (page 59)

Subject Areas, Aspects, General Disclosures and KPIs		Locations of Disclosure or Remarks
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	This Report – Caring for Employees (pages 42 to 44 and pages 46 to 47)
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	This Report – Caring for Employees (page 43) This Report – Comprehensive Performance (pages 59 to 60)
KPI B1.2	Employee turnover rate by gender, age group and geographical region	The Company will consider disclosing relevant information in the future reporting period.
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	This Report – Caring for Employees (pages 46 to 47)
KPI B2.1	Number and rate of work-related fatalities	This Report – Comprehensive Performance (page 60)
KPI B2.2	Lost days due to work injury	This Report – Comprehensive Performance (page 60)
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	This Report – Caring for Employees (pages 46 to 47)
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	This Report – Caring for Employees (pages 45 to 46)
KPI B3.1	The percentage of employees trained by gender and employee category	The Company will consider disclosing relevant information in the future reporting period.
KPI B3.2	The average training hours completed per employee by gender and employee category	The Company will consider disclosing relevant information in the future reporting period.
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	This Report – Caring for Employees (pages 42 to 44)
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	This Report – Caring for Employees (pages 42 to 44)
KPI B4.2	Description of steps taken to eliminate child and forced labour practices when discovered	This Report – Caring for Employees (pages 42 to 44)
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	This Report – Robust Management (pages 14 to 15)
KPI B5.1	Number of suppliers by geographical region	The Company will consider disclosing relevant information in the future reporting period.
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	This Report – Robust Management (pages 14 to 15)

Subject Areas, Aspects, General Disclosures and KPIs		Locations of Disclosure or Remarks
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	This Report – Client Oriented (pages 18 to 25)
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Due to the nature of the Company's business, matters relating to packing materials are not applicable.
KPI B6.2	Number of products and service related complaints received and how they are dealt with	This Report – Client Oriented (page 22)
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	This Report – Client Oriented (page 18) This Report – Comprehensive Performance (page 56)
KPI B6.4	Description of quality assurance process and recall procedures	Due to the nature of the Company's business, matters relating to packing materials are not applicable.
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	This Report – Client Oriented (pages 18 to 22)
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	This Report – Promote Integrity (pages 54 to 56)
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases	This Report – Comprehensive Performance (page 56)
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	This Report – Promote Integrity (page 54)
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests	This Report – Contribute to the Society (pages 50 to 51)
KPI B8.1	Focus areas of contribution	This Report – Contribute to the Society (page 50)
KPI B8.2	Resources contributed to the focus areas	This Report – Contribute to the Society (page 50) This Report – Comprehensive Performance (pages 60 to 61)

Reader Feedback

Dear Sir/Madam,

Greetings!

Thank you very much for reading the 2018 ESG Report of Beijing North Star Company Limited. If you have any comments or suggestions on this Report, please kindly fill in the feedback form below and send it to us by mail, E-mail or fax. We would like to express our deep gratitude for your valuable comments.

1. Which chapters do you think provide you with important information?

- ☐ Company Overview
- ☐ Robust Management
- ☐ Green Development
- ☐ Contribute to the Society
- ☐ Responsibility and Communication
- ☐ Client Oriented
- ☐ Caring for Employees
- ☐ Comprehensive Performance

2. Could you please evaluate this Report from below the perspectives?

Legibility	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Not Good
Integrity	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Not Good
Cogency	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Not Good
Layout and Design	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Not Good
Overall Impression	<input type="checkbox"/> Very Good	<input type="checkbox"/> Good	<input type="checkbox"/> Not Good

3. What do you suggest for our next report?

4. Please contact us:

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