



北京北辰實業股份有限公司

BEIJING NORTH STAR COMPANY LIMITED

Attn: Business Editor
[For Immediate Release]

Beijing North Star Announces 2007 Annual Results Profit Attributable to Equity Holders Rises 17.2% to RMB 463 Million

Financial Highlights

- Revenue amounted to RMB 3,999,559,000, up 42.3% year-on-year
- Operating profit amounted to RMB 931,344,000, up 35.4% year-on-year
- Profit attributable to equity holders amounted to RMB 463,153,000, up 17.2% year-on-year

(Hong Kong, 5 March 2008) ... Beijing North Star Company Limited (“Beijing North Star” or the “Company”) (HKEx: 0588, SSE: 601588) announced today the operating results of the Company for the twelve months ended 31 December 2007 (the “Year”). During the Year, revenue of the Company amounted to RMB 3,999,559,000, an increase of 42.3% over the same period of the previous year. Operating profit reached RMB 931,344,000, an increase of 35.4% over the same period of the previous year, while profit attributable to equity holders was RMB 463,153,000, up 17.2% year-on-year. The board of directors recommends the payment of a final dividend of RMB 3 cents for the Year.

Mr. He Jiang Chuan, Chairman of Beijing North Star, said, “In 2007, under the impact of macro-economic control measures, the Beijing property market continued to demonstrate an overall supply shortage, with property sales prices soaring. Through efforts in improving projects’ integrated operation standards, and capitalising on the projects’ geographical advantages and accurate product positioning, the Company’s development properties business continued to achieve impressive sales, with operating results reaching new highs.”

During the Year, the Company’s development properties realised contracted sales revenue of RMB 3.11 billion, generally on par with the previous year. An operating profit of RMB 677,746,000 was realised, up 68% year-on-year. Contracted sales area of the Company totalled 210,000 m².

Among the Company’s completed projects, Olympic Media Village reported 113,500 m² in area sold within just three months from its opening for sale in October 2007. In addition, all available units in the current launches of Fragrant Hill Qingqin Villas, Bihai Fangzhou Garden Villas and Changhe Yushu Garden Villas were completely sold out.

Besides, the Company witnessed smooth progress of the construction of the properties relating to the Olympic Games. The National Olympic Convention Centre and its ancillary projects and Beichen Green Garden Media Village have all entered the construction completion stage. Interior and exterior decoration and facility installation were fully commenced, while the renovation of Hui Yuan Apartment Media Village progressed as planned. Meanwhile, the operations preparation for InterContinental Beijing Beichen and the National Olympic Convention Centre Hotel was basically completed, and the opening preparation and long-term convention and exhibition marketing of the National Olympic Convention Centre were also carried out simultaneously in an orderly manner.

Apart from the Olympic projects, the Company strove to accelerate the development of development properties. In 2007, Company obtained the development rights of the Xinhe Delta project in Changsha, which alone offering 5 million m² of gross area. Meanwhile, the Company also successfully obtained the project development rights of approximately 440,000 m² of gross area under the Beichen • Fudi project. As such, the Company achieved breakthroughs in land reserve in 2007: not only has the Company expanded the size of its development properties, it has also substantially enhanced the Company’s influence and brand value in the property sector.

In 2007, the Beijing office market witnessed concentrated supply, in which market demand rose steadily, average rentals climbed slightly and the vacancy ratio increased moderately. With the Olympic Games nearing, the star-grade hotel market continued to enjoy rising average room rates and average occupancy rates, but the rates of increase have slowed down. As for the serviced apartment market, average occupancy rates and average rentals grew faster in general, with significant variations among different districts nonetheless. Accordingly, 2007, the Company adjusted its customer mix and adopted more flexible pricing strategies, thus the economic efficiency grew continuously. During the Year, the operation of investment properties and hotels realised an operating profit of RMB 249,100,000.

For the retail operation, the Company overcame the impact of negative factors and maintained stable results, as well as further enhancing the management and control model of professional division of labour amid intensifying market competition in neighbouring regions. During the Year, the operation recorded an operating profit of RMB 57,417,000.

Looking ahead, Mr. He said, "In general, the Company will continue to sustain the operation of investment properties and steadily expand the retail operation while also accelerating the development of development properties, thereby making the latter a major source of profit growth for the Company. For Media Village (Phase II), we will timely adjust the sales strategy according to market changes so as to ensure occupation commencement by year-end. Construction of Beichen • Xiang Lu and Beichen • Fudi will be accelerated and pre-sale work will be carried out at full speed. Efforts will be made on the development of the Changsha project and the post-Games preparation and initial operation of the Olympic projects."

Beijing North Star Company Limited

The Company's basic operating strategy is to make the investment properties operation and the retail operation bases of steady returns and the development properties operation the source of profit growth. The development properties operation is responsible for the investment, development and construction of the Company's property business, covering a variety of property projects including medium/up-market residential units, apartments, villas and offices of different classes. Currently, major development properties of the Company include the Beichen Green Garden Residential Estate, Bihai Fangzhou Garden Villas, Changhe Yushu Garden Villas, Fragrant Hill Qingqin Garden Villas, as well as the National Olympic Convention Centre, the Olympic Media Village, Beichen Building, Beichen • Xiang Lu (Hot Spring Project), Beichen • Fudi (Chang Ying Project) and the Xinhe Delta Project in Changsha Municipality, Hunan Province. The investment properties operation involves primarily the holding, operation and management of integrated services properties located in the Asian Games Village with a total gross floor area of 470,000 m². After the 2008 Olympic Games, the Company will have nearly 1,000,000 m² of existing and new investment properties, including convention facilities, exhibition facilities, hotels, apartments, offices, and so forth. The retail operation develops towards specialised operations of supermarket chains, department stores and shopping centres, on the basis of Beichen Shopping Centre. Capitalising on the advantage of its integrated operation management, the Company is responsible for the development of the Beijing Olympic Park National Convention Centre and the Olympic Media Village. It is the only Chinese property developer possessing two Olympic Games projects. As at 31 December 2007, the Company's total assets amounted to RMB21.9 billion, with equity attributable to equity holders amounting to RMB9.2 billion. The Company has 7.5 million m² of land reserve, making it one of the largest property conglomerates in the country.

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Note: Consolidated Income Statement is attached.

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Beijing North Star Company Limited
2007 Annual Results Announcement

Consolidated Income Statement

	Year ended 31 December	
	2007	2006
	RMB'000	RMB'000
		(Restated)
Revenue	3,999,559	2,810,561
Cost of sales	<u>(2,496,937)</u>	<u>(1,711,553)</u>
Gross profit	1,502,622	1,099,008
Selling and marketing expenses	(163,784)	(143,432)
Administrative expenses	(416,601)	(314,034)
Other gains – net	<u>9,107</u>	<u>46,332</u>
Operating profit	931,344	687,874
Finance income	42,936	21,366
Finance costs	<u>(72,447)</u>	<u>(27,775)</u>
Finance costs – net	(29,511)	(6,409)
Share of profit a jointly controlled entity	<u>-</u>	<u>708</u>
Profit before income tax	901,833	682,173
Income tax expenses	<u>(309,432)</u>	<u>(239,250)</u>
Profit for the year	<u>592,401</u>	<u>442,923</u>
Attributable to:		
Equity holders of the Company	463,153	395,274
Minority interests	<u>129,248</u>	<u>47,649</u>
	<u>592,401</u>	<u>442,923</u>
Earnings per share for profit attributable to the equity holders of the Company (basic and diluted)	<u>RMB 13.76cents</u>	<u>RMB 18.67cents</u>
Dividend	<u>101,011</u>	<u>134,681</u>