



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 2008 Interim Results Net Profit Amounts to RMB 150 Million

Financial Highlights

- Revenue amounted to RMB1,487,956,000
- Operating profit amounted to RMB380,856,000
- Profit attributable to equity holders amounted to RMB149,747,000

Hong Kong, 30 July 2008... Beijing North Star Company Limited (“Beijing North Star” or the “Company”) (HKEx: 0588, SSE: 601588) announced today the unaudited operating results of the Company for the six months ended 30 June 2008 (the “Period”). During the Period, revenue of the Company amounted to RMB1,487,956,000, generally on par with the same period last year. Operating profit reached RMB380,856,000, a slight decrease of 1.4% over the same period last year, while profit attributable to equity holders was RMB149,747,000 (2007: RMB341,950,000) and earnings per share was RMB 0.044 (2007: RMB0.102). The board of directors does not recommend the payment of any interim dividend (2007 interim: nil).

Mr. He Jiang Chuan, Chairman of Beijing North Star, said, “For the first half of 2008, under the impact of macroeconomic control measures, the Beijing property market was characterised by a continuous growth in the investment scale of property development but a trend of slowdown in the growth rate. Property selling price indices remained at high levels but sales area witnessed a certain degree of decrease. However, vacant area of commodity residential housing continuously declined. This suggested that the operation of the property market remained stable and healthy. Profit attributable to equity holders of the Company represented a decrease at the end of the Period due to the property projects recognised during the Period were mainly from an indirectly controlled subsidiary. Through conducting systematic analyses on the changes in the operating environment and on the supply-demand characteristics of the market, and through capitalising on the opportunities brought by the Olympic Games and adopting flexible pricing strategies and operating strategies, the Company effectively offset the impact of unfavourable factors. Sales of the development properties operation gained a relatively large increase and the operations of investment properties and retail realised a stable transition during the pre-Olympic Games period, thereby laying a solid foundation for the Company’s future development and operation efficiency.”

During the Period, the Company’s development properties operation realised contracted sales revenue of RMB2,287,320,000, representing a substantial increase of 76.40% compared to the same period last year. Aggregated cash income of RMB1,960,150,000 was realised, up 50.58% year-on-year. Sales area totalled 164,000 m², representing a substantial year-on-year increase of 122.67%. Revenue was RMB925,230,000, an increase of 5.23% compared to the same period last year.

As at the end of June 2008, the first and second phases of the Olympic Media Village realised a sale of 262,800 m² (2,450 units), representing an aggregate sales ratio of 64.40%. In addition, among the Company’s newly commenced projects, Beichen.Xiang Lu (Hot Spring Project) and Beichen.Fudi (Chang Ying Project) entered the phase of development and construction and pre-sale preparation work was actively carried out. The selling prices of Fragrant Hill Qingqin Villas hit record highs again. For the Changsha project, the overall planning proposal was basically completed and the planning design of the Initial Block was initiated. The preparation of the feasibility report and the environment assessment report of the Initial Block has also been completed.

The Company witnessed smooth progress of the construction of the properties relating to the Olympic Games. It completed inspection and delivery work for projects related to the Olympic Games at Beichen Green Garden Media Village, Hui Yuan Apartment Media Village, the National Olympic Convention Centre and its ancillary facilities. Currently, the above projects are advancing to the security protection phase of the Olympics hospitality service.

Based on continuously rising market demand generated by the Olympic Games, the investment properties of the Company capitalised on the location advantage of being situated in the core Asian and Olympic Games Area in the first half of 2008. The rental levels of the Company's properties and the average room rates of its hotels continued to climb. Affected by suspension due to the modification of seven blocks of apartments, the investment properties operation of the Company (including hotels) realised an aggregate revenue of RMB319,399,000, representing a slight decrease of 0.84% compared to the same period last year. Of such revenue, rental income amounted to RMB 135,526,000, representing a year-on-year decrease of 10.15%, and hotel income amounted to RMB183,8730,000, representing a year-on-year increase of 7.36%.

The retail operation of the Company continued to improve the shopping environment and to adjust the brands that it operated and its product structure. While ensuring to achieve its operating targets, the operation strove to carry out the opening preparations for new projects and to enlist brand operators. Through professionalism and diligence, the Company's retail operation realised a revenue of RMB189,466,000 in the first half of the year.

In addition, the Company capitalised on the advantage of its dual listings in Mainland and Hong Kong and its unique business structure, and strove to explore diversified financing means based on the traditional financing means. Substantial progress was made in this regard. On 18 July 2008, the Company successfully issued and raised corporate debentures of RMB1.7 billion at the coupon rate of 8.2%, which adjusted the debt structure of the Company while enhancing the stability of its debts.

Looking ahead, Mr. He said, "Following the holding of the Olympic Games, the Company's investment properties and retail operations that are situated in the core Asian and Olympic Games Area will benefit from enormous opportunities brought by the Olympic Games, and will enjoy great appreciation potential. Furthermore, the Company expects the area commencing construction for the development properties operation to amount to approximately 480,000m² for the second half of 2008, and the Company will endeavour to realise sales area of approximately 320,000m² and contracted sales revenue of approximately RMB3.1 billion. With respect to the Changsha project, the Company will strive to complete the design of the residential plan for the Initial Block in the third quarter of 2008 and strive to commence piling work in the fourth quarter of 2008. All in all, the Company will enhance its professional management service standards and the influence of the brand while capturing the business opportunities brought by the Olympic Games, striving to exploit the operating potentials of its existing assets with a view to continuously improving operating results."

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, North Star Times Tower, 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 30 June 2008, the Company's total assets amounted to RMB24.4 billion, with equity attributable to equity holders amounting to RMB9.4 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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Encl.: Condensed Consolidated Interim Income Statement (Unaudited)

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Beijing North Star Company Limited
2008 Interim Results Announcement

Condensed Consolidated Interim Income Statement (Unaudited)

	Six month ended 30 June	
	2008	2007
	RMB'000	RMB'000
		Restated
Revenues	1,487,956	1,477,132
Cost of sales	<u>(823,166)</u>	<u>(877,485)</u>
Gross profit	664,790	599,647
Selling and marketing expense	(82,447)	(69,424)
Administrative expenses	(202,717)	(143,266)
Other gains/ (losses)– net	<u>1,230</u>	<u>(859)</u>
Operating profit	380,856	386,098
Finance income	9,350	15,046
Finance costs	(5,679)	-
Finance income – net	<u>3,671</u>	<u>15,046</u>
Profit before income tax	384,527	401,144
Income tax expense	<u>119,475</u>	<u>(23,195)</u>
Profit for the period	<u>265,052</u>	<u>377,949</u>
Attributable to:		
Equity holders of the Company	149,747	341,950
Minority interests	<u>115,305</u>	<u>35,999</u>
	<u>265,052</u>	<u>377,949</u>
Earnings per share for profit attributable to the equity holders of the Company during the period (basic and diluted)	<u>RMB4.4 cents</u>	<u>RMB10.2 cents</u>