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北京北辰實業股份有限公司
BEIJING NORTH STAR COMPANY LIMITED

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

(Stock Code: 588)

INSIDE INFORMATION
ANNOUNCEMENT ON UNRECOVERED LOSSES AMOUNTING TO ONE-THIRD OF THE TOTAL PAID-IN SHARE CAPITAL

This announcement is made by the board of directors (the "**Board**") of Beijing North Star Company Limited (the "**Company**") pursuant to Rule 13.09(2)(a) and Rule 13.10B of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

According to the audit report issued by Zhongxinghua Certified Public Accountants LLP ("**Zhongxinghua**"), the amount of unrecovered losses in the consolidated financial statements of the Company as of 31 December 2025 exceeded one-third of the total paid-in share capital, details of which are set out as follows:

I. OVERVIEW

As audited by Zhongxinghua, as of 31 December 2025, the undistributed profit in the consolidated financial statements of the Company was RMB-1,357,160,640, the paid-in share capital was RMB3,367,020,000, and the unrecovered losses of the Company exceeded one-third of the total paid-in share capital. According to the relevant provisions of the Company Law and the Articles of Association of the Company, the matter shall be submitted to the general meeting of the Company for consideration.

II. MAIN REASONS FOR UNRECOVERED LOSSES

For the year ended 31 December 2025, the Company's convention and exhibition and supporting facility services business maintained stable operation, whereas its real estate business was affected by the prevailing market conditions. On the one hand, to accelerate project de-stocking and cash recovery, the Company dynamically adjusted its marketing strategies in light of market conditions, resulting in lower-than-expected selling prices for certain real estate projects. On the other hand, in accordance with the provisions of "Accounting Standard for Business Enterprises No. 8 – Impairment of Assets", the Company conducted impairment tests on its real estate projects and made corresponding impairment provisions for the inventories of certain real estate projects. Affected by the above factors, the Company incurred a loss in 2025. Coupled with consecutive losses incurred in prior years, the amount of the Company's unrecovered losses in the consolidated financial statements exceeded one-third of the total amount of its paid-up share capital.

III. COUNTERMEASURES

In response to the loss of the Company, the Board and the management of the Company have conducted a thorough review and analysis. The main measures include:

1. Vigorously Promoting the Development of Convention and Exhibition and Supporting Facility Services

The Company will focus on serving the overall national plans and supporting the development of "four centers" functions of the capital, firmly seize the development opportunities brought by new quality productive forces, advance the high-quality development of the convention and exhibition industry, and give full play to the functions and roles of the convention and exhibition industry in strategic emerging industries, driving the multi-format coordinated development of supporting facilities for conventions and exhibitions, and striving to build "a domestic leading and internationally top-tier enterprise serving as the chain leader of the convention and exhibition industry chain".

2. Strictly Controlling Risks of the Real Estate Business and Promoting Transformational Development

With "risk prevention, transformation promotion and cash flow stability" as its core tasks, the Company drives the transformation of its real estate business into a professional urban renewal service provider relying on the "Convention and Exhibition +" model, ensures the de-stocking of key projects, and guarantees the delivery of major projects. It reshapes its business core, closely follows the development mainline of the "Convention and Exhibition +", and plans urban renewal and area operation projects supporting convention and exhibition venues. It expands growth space through service upgrading, unlocks the value of existing assets via intensive operation, accelerates the asset integration of unsold inventory projects, and improves the operational efficiency of existing assets through the parallel approach of leasing and sales as well as driving sales via leasing.

3. Striving to Broaden Financing Channels and Optimising Financing Structure

The Company strengthens the overall co-ordination of funds, enhances debt management and control, and reasonably controls the scale of interest-bearing liabilities, so as to provide stable funding support for the operation and development of the Company. Meanwhile, the Company continuously optimises its debt structure, rationally plans its financing channels, and strives to reduce funding costs.

4. Continuously Strengthening the Construction of the Internal Control System

The Company continuously refines and improves its internal control systems, strengthens the implementation of internal systems, and builds a solid defence line for risk management.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Beijing North Star Company Limited
ZHANG Jie
Chairman

Beijing, the PRC, 27 March 2026

As at the date of this announcement, the Board comprises eight directors, of which Mr. ZHANG Jie, Ms. LIANG Jie, Mr. YANG Hua-Sen, and Mr. WEI Ming-Qian and Mr. ZHU Yan are executive directors and Dr. CHOW Wing-Kin, Anthony, Mr. GAN Pei-Zhong and Ms. QIAN Ai-min are independent non-executive directors.

Should there be any differences between the Chinese and English versions of this announcement, the Chinese version shall prevail.