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## **NEW CITY DEVELOPMENT GROUP LIMITED**

**新城市建設發展集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 0456)**

### **ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025**

#### **FINANCIAL HIGHLIGHTS**

- Revenue amounted to approximately HK\$63,442,000 (2024: HK\$98,607,000)
- Loss for the year was approximately HK\$226,739,000 (2024: HK\$136,522,000)
- Basic loss per share was 139.34 HK cents (2024: 108.87 HK cents)

#### **FINAL RESULTS**

The board of directors (the “**Board**”) of New City Development Group Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively known as the “**Group**”) for the year ended 31 December 2025 together with the comparative figures in 2024 are as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS***For the year ended 31 December 2025*

		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	5	<b>63,442</b>	98,607
Cost of goods sold and services provided		<u>(40,307)</u>	<u>(48,805)</u>
<b>Gross profit</b>		<b>23,135</b>	49,802
Other income		59	1,880
Other (losses)/gains, net	6	(129,131)	29,747
Administrative and other operating expenses		(68,010)	(70,223)
Loss on write-off of property, plant and equipment		(4,444)	(38,585)
Impairment loss on intangible assets		–	(2,217)
Impairment loss on prepayments		(9,237)	(15,500)
Impairment loss on properties under development		(16,126)	(54,637)
Impairment losses on deposits and other receivables		<u>(20,722)</u>	<u>(33,038)</u>
<b>Loss from operations</b>		<b>(224,476)</b>	(132,771)
Finance costs	7	<u>(36,787)</u>	<u>(13,913)</u>
<b>Loss before tax</b>		<b>(261,263)</b>	(146,684)
Income tax credit	8	<u>34,524</u>	<u>10,162</u>
<b>Loss for the year</b>	9	<u>(226,739)</u>	<u>(136,522)</u>
<b>Loss for the year attributable to:</b>			
Owners of the Company		(220,955)	(127,649)
Non-controlling interests		<u>(5,784)</u>	<u>(8,873)</u>
		<u>(226,739)</u>	<u>(136,522)</u>
<b>Loss per share (<i>HK cents</i>)</b>			
Basic and diluted	10	<u>(139.34)</u>	<u>(108.87)</u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>Loss for the year</b>	<b>(226,739)</b>	(136,522)
<b>Other comprehensive income/expense for the year:</b>		
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translating foreign operations	<b>19,233</b>	38,264
Reclassification of translation reserve upon disposal of a subsidiary	<u>          –</u>	<u>          (30)</u>
<b>Total comprehensive expense for the year</b>	<b><u>(207,506)</u></b>	<b><u>(98,288)</u></b>
<b>Total comprehensive expense for the year attributable to:</b>		
Owners of the Company	<b>(202,208)</b>	(78,089)
Non-controlling interests	<u>          (5,298)</u>	<u>          (20,199)</u>
	<b><u>(207,506)</u></b>	<b><u>(98,288)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>HK\$'000</b>	2024 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>36,603</b>	28,707
Investment properties	<i>12</i>	<b>545,391</b>	651,809
Right-of-use assets		–	–
Interest in an associate		–	–
Deferred tax assets		<b>46,160</b>	43,178
		<b>628,154</b>	723,694
<b>Current assets</b>			
Financial assets at fair value through profit or loss ("FVTPL")		<b>41,323</b>	61,866
Prepayments, deposits and other receivables	<i>13</i>	<b>308,418</b>	367,101
Properties under development	<i>14</i>	<b>484,601</b>	448,483
Amounts due from related parties		<b>194</b>	194
Cash and bank balances		<b>2,889</b>	8,459
		<b>837,425</b>	886,103
<b>Current liabilities</b>			
Accruals and other payables	<i>15</i>	<b>188,198</b>	145,865
Deposits received		<b>23</b>	15,056
Borrowings	<i>16</i>	<b>402,415</b>	420,878
Lease liabilities		–	46
Amounts due to non-controlling shareholders		<b>5,112</b>	5,112
Amounts due to related parties		<b>59,779</b>	59,779
Amount due to a director		<b>15,054</b>	20,238
		<b>670,581</b>	666,974
<b>Net current assets</b>		<b>166,844</b>	219,129
<b>Total assets less current liabilities</b>		<b>794,998</b>	942,823

	<i>Notes</i>	<b>2025</b> <b><i>HK\$'000</i></b>	2024 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Accruals and other payables	<i>15</i>	<b>575,373</b>	264,708
Borrowings	<i>16</i>	–	253,173
Deferred tax liabilities		<u><b>119,992</b></u>	<u>151,534</u>
		<u><b>695,365</b></u>	<u>669,415</u>
<b>Net assets</b>		<u><b>99,633</b></u>	<u>273,408</u>
<b>Capital and reserve</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	<i>17</i>	<b>37,316</b>	23,449
Reserves		<u><b>122,148</b></u>	<u>304,492</u>
		<b>159,464</b>	327,941
Non-controlling interests		<u><b>(59,831)</b></u>	<u>(54,533)</u>
<b>Total equity</b>		<u><b>99,633</b></u>	<u>273,408</u>

## NOTES

*For the year ended 31 December 2025*

### 1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands with limited liability on 10 August 1998. The address of its registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The principal place of business in Hong Kong is located at Flat D, 17/F., MG Tower, 133 Hoi Bun Road, Kowloon, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 24 May 2000.

The Company is an investment holding company. The Group is principally engaged in property development and investment, retail and consumer spending related businesses operation and construction materials supply chain in the People’s Republic of China (the “**PRC**”).

In the opinion of the directors of the Company, as at 31 December 2025, Junyi Investments Limited, a company incorporated in the British Virgin Islands (the “**BVI**”), was the immediate and ultimate parent of the Company and Mr. Han Junran (“**Mr. Han**”), a director of the Company, was the ultimate controlling party of the Company.

### 2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations (“**Ints**”). The consolidated financial statements of the Group also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance.

The HKICPA has issued certain new and amendments to HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these new and amendments to HKFRS Accounting Standards to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the consolidated financial statements of the Group.

#### **Going concern basis**

The Group incurred a net loss of approximately HK\$226,739,000 for the year ended 31 December 2025 and as at that date, the Group had a bank borrowing of approximately HK\$402,415,000, while its cash and bank balances amounted to only approximately HK\$2,889,000. These events or conditions indicate a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These events and conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In order to stabilise the Group's cash flows, the Company has been actively negotiating with the government in relation to land resumption compensation, and further updates on the latest progress will be announced as and when appropriate.

The Group's operating cash flows for the forthcoming eighteen months will depend on the progress of its existing projects, including the development of Zhuhai New Jin Du Plaza and the development of the Luoyang land. The Company has revisited the construction timetable and expects that the projects will be able to benefit from the positive impact of the consumption-stimulating measures to be introduced by the PRC government at the Fourth Session of the Fourteenth National People's Congress scheduled to be convened in March 2026. The Company expects to expedite the development and sale of the relevant projects during Years 2026 and 2027.

At the same time, through its ongoing follow-up with the government in respect of the land resumption compensation project, the Company believes that these measures will help stabilise its cash flows and enable the Group to repay its bank borrowings and maintain its normal operations.

### **3. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS**

#### **Application of new and amendments to HKFRS Accounting Standards**

The Group has applied the following amendments to HKFRS Accounting Standards as issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21 and HKFRS 1      Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards in the current year had no material impact on the Group's consolidated financial positions and performance for the current year and on the disclosures set out in the consolidated financial statements of the Group.

#### 4. SEGMENT INFORMATION

The Group is principally engaged in property development and investment, retail and consumer spending related businesses operation and construction materials supply chain in the PRC. Accordingly, there are three reportable segments to be presented for the directors of the Company, the chief operating decision maker to allocate resource and assess performance.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different resource technology and marketing strategies.

The accounting policies of the operating segments are the same as those accounting policies of the Group to the consolidated financial statements. Segment profits or losses do not include unallocated other income, other gains and losses, administrative and other operating expenses, impairment losses on deposits and other receivables, impairment loss on prepayment, impairment loss on property under development, impairment loss on intangible assets and finance costs. Segment assets do not include unallocated property, plant and equipment, intangible assets, right-of-use assets, deferred tax assets, financial assets at FVTPL, prepayments, deposits and other receivables, amounts due from related parties, and cash and bank balances. Segment liabilities do not include unallocated accruals and other payables, lease liabilities, amounts due to non-controlling shareholders, related parties and a director and deferred tax liabilities.

##### Information about reportable segment revenue, profit or loss, assets and liabilities

	Property development and investment <i>HK\$'000</i>	Retail and consumer spending related businesses operation <i>HK\$'000</i>	Construction materials supply chain <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Year ended 31 December 2025</b>				
Revenue from external customers	50,674	–	12,768	63,442
Segment profit	20,580	–	2,555	23,135
<b>As at 31 December 2025</b>				
Segment assets	1,052,705	–	12,528	1,065,233
Segment liabilities	781,552	–	14,434	795,986
	Property development and investment <i>HK\$'000</i>	Retail and consumer spending related businesses operation <i>HK\$'000</i>	Construction materials supply chain <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Year ended 31 December 2024</b>				
Revenue from external customers	54,587	44,020	–	98,607
Segment profit	38,861	10,941	–	49,802
<b>As at 31 December 2024</b>				
Segment assets	1,444,790	34,771	–	1,479,561
Segment liabilities	872,266	7,880	–	880,146

**Reconciliations of segment profit or loss**

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>Profit or loss</b>		
Total profit of reportable segments	23,135	49,802
Other income	59	1,880
Other (losses)/gains, net	(129,131)	29,747
Administrative and other operating expenses	(68,010)	(70,223)
Loss of write-off of property, plant and equipment	(4,444)	(38,585)
Impairment losses on deposits and other receivables	(20,722)	(33,038)
Impairment loss on prepayments	(9,237)	(15,500)
Impairment loss on properties under development	(16,126)	(54,637)
Impairment loss on intangible assets	–	(2,217)
Finance costs	(36,787)	(13,913)
	<u>(261,263)</u>	<u>(146,684)</u>
Consolidated loss before tax	<u>(261,263)</u>	<u>(146,684)</u>

**Reconciliations of segment assets or liabilities**

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>Assets</b>		
Total assets of reportable segments	1,065,233	1,479,561
Property, plant and equipment	1,362	93
Deferred tax assets	46,160	43,178
Financial assets at FVTPL	41,323	61,866
Prepayments, deposits and other receivables	308,418	16,446
Amounts due from related parties	194	194
Cash and bank balances	2,889	8,459
	<u>1,465,579</u>	<u>1,609,797</u>
Consolidated total assets	<u>1,465,579</u>	<u>1,609,797</u>
<b>Liabilities</b>		
Total liabilities of reportable segments	795,986	880,146
Accruals and other payables	370,023	219,534
Lease liabilities	–	46
Amounts due to non-controlling shareholders	5,112	5,112
Amounts due to related parties	59,779	59,779
Amounts due to a director	15,054	20,238
Amounts deferred tax liabilities	119,992	151,534
	<u>1,365,946</u>	<u>1,336,389</u>
Consolidated total liabilities	<u>1,365,946</u>	<u>1,336,389</u>

## Geographical information

The Group's revenue from external customers were solely derived from the PRC.

Over 90% of the Group's non-current assets (excluding, interest in an associate and deferred tax assets) are located in the PRC. Accordingly, no further geographical information of non-current assets was disclosed.

## Revenue from major customers

There was no revenue from individual customers of the Group contributing over 10% of the Group's revenue during the year ended 31 December 2025 (2024: Nil).

## 5. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15:		
Products transferred at a point in time:		
Sales from retail and consumer spending related businesses operation in the PRC	–	44,020
Service transferred over time:		
Related management service income	21,555	24,812
Construction materials supply chain income	12,768	–
Revenue from other sources:		
Rental income from investment properties	<u>29,119</u>	<u>29,775</u>
	<u><b>63,442</b></u>	<u><b>98,607</b></u>

## 6. OTHER (LOSSES)/GAINS , NET

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Net foreign exchange losses	(85)	(1,731)
Fair value (loss)/gain on investment properties	(123,659)	1,183
Fair value gain on financial assets at FVTPL	3,600	34,585
Gain on disposal of financial assets at FVTPL	3,059	–
Gain on disposal of a subsidiary	–	1,294
Loss of write off on deposits and other receivables	<u>(12,046)</u>	<u>(5,584)</u>
	<u><b>(129,131)</b></u>	<u><b>29,747</b></u>

## 7. FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest on bank borrowings	7,194	45,482
Interest on other payables	36,787	–
Interest on lease liabilities	–	8
	<u>          </u>	<u>          </u>
Total borrowing costs	43,981	45,490
Less: amounts capitalised in the cost of properties under development	<u>(7,194)</u>	<u>(31,577)</u>
	<u><u>36,787</u></u>	<u><u>13,913</u></u>

## 8. INCOME TAX CREDIT

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Deferred tax	<u><u>34,524</u></u>	<u><u>10,162</u></u>

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit derived from Hong Kong for the years ended 31 December 2025 and 2024.

PRC Enterprise Income Tax has been provided at a rate of 25% (2024: 25%).

## 9. LOSS FOR THE YEAR

The Group's loss for the year is arrived at after charging:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Auditor's remuneration		
– Audit services	950	880
– Non-audit services	–	–
Cost of goods sold and services provided	40,307	48,805
Depreciation of property, plant and equipment	2,961	13,562
Depreciation of right-of-use assets	–	13
Amortisation of intangible assets	–	1,057
Short-term lease expenses	2,006	26,790
Staff costs (including directors' emoluments)		
– Salaries, bonuses and allowances	20,169	20,369
– Contributions to defined contribution retirement plan	703	728
	<u>20,872</u>	<u>21,097</u>

## 10. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the years ended 31 December 2025 and 2024.

The calculation of basic loss per share is based on:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company used in the basic loss per share calculation	<u>(220,955)</u>	<u>(127,649)</u>
	<b>Number of shares</b>	
	2025	2024
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	<u>158,568,232</u>	<u>117,245,044</u>

The diluted loss per share is the same with the basic loss per share as there were no potentially dilutive ordinary shares in issue during the year ended 31 December 2025 (2024: Nil).

## 11. DIVIDENDS

The directors of the Company did not recommend any dividend for the year ended 31 December 2025 (2024: Nil).

## 12. INVESTMENT PROPERTIES

	Properties at fair value		Properties at cost		Total	
	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Completed project</b>						
Investment properties in Guangzhou						
At 1 January	585,362	594,229	-	-	585,362	594,229
Fair value (losses)/gains	(125,830)	1,183	-	-	(125,830)	1,183
Exchange differences	18,229	(10,050)	-	-	18,229	(10,050)
At 31 December	<u>477,761</u>	<u>585,362</u>	<u>-</u>	<u>-</u>	<u>477,761</u>	<u>585,362</u>
<b>Incomplete project</b>						
Investment properties in Luoyang						
At 1 January	-	-	66,447	67,590	66,447	67,590
Exchange differences	-	-	1,183	(1,143)	1,183	(1,143)
At 31 December	<u>-</u>	<u>-</u>	<u>67,630</u>	<u>66,447</u>	<u>67,630</u>	<u>66,447</u>
<b>Carrying amount at 31 December</b>	<b><u>477,761</u></b>	<b><u>585,362</u></b>	<b><u>67,630</u></b>	<b><u>66,447</u></b>	<b><u>545,391</u></b>	<b><u>651,809</u></b>

### 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Prepayments		
– Prepaid for the Luoyang Properties	7,009	6,773
– Prepaid for the Zhuhai Properties	276,533	309,111
– Others	<u>31,489</u>	<u>31,158</u>
Less: Impairment loss on prepayment	<u>(24,737)</u>	<u>(15,500)</u>
	<u>290,294</u>	<u>331,542</u>
Deposits held by		
– 新澳中世紀國際貿易(北京)有限公司	20,000	20,000
– Others	993	993
Other receivables		
– Others	50,891	56,396
Less: Loss allowance for deposits and other receivables	<u>(53,760)</u>	<u>(41,830)</u>
	<u>18,124</u>	<u>35,559</u>
	<u><u>308,418</u></u>	<u><u>367,101</u></u>

### 14. PROPERTIES UNDER DEVELOPMENT

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At 1 January	448,483	478,088
Additions	47,157	33,757
Impairment loss on properties under development	(16,126)	(54,637)
Exchange differences	<u>5,087</u>	<u>(8,725)</u>
At 31 December	<u><u>484,601</u></u>	<u><u>448,483</u></u>

## 15. ACCRUALS AND OTHER PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Accrued expenses	15,238	13,418
Amount due to a former shareholder of Guangdong Changliu	4,169	4,033
Due to non-controlling shareholder of Zhuhai Teng Shun Industrial Company Limited	272,543	264,708
Other payables		
– Payables of Guangdong Changyang loan	16,011	–
– Payables of Guangdong Changliu loan	300,200	–
– Others	155,410	128,414
	<u>763,571</u>	<u>410,573</u>
Less: Non-current portion	<u>(575,373)</u>	<u>(264,708)</u>
Current portion	<u><u>188,198</u></u>	<u><u>145,865</u></u>

## 16. BORROWINGS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Secured borrowings:		
Bank loan 1	402,415	391,947
Bank loan 2	–	28,286
Bank loan 3	–	253,818
	<u>402,415</u>	<u>674,051</u>
Repayable:		
– Within one year or on demand	402,415	420,878
– In the second to fifth years, inclusive	–	123,037
– Over five years	–	130,136
	<u>402,415</u>	<u>674,051</u>
Total	402,415	674,051
Less: repayable after twelve months and classified as non-current liabilities	<u>–</u>	<u>(253,173)</u>
Repayable within twelve months and classified as current liabilities	<u><u>402,415</u></u>	<u><u>420,878</u></u>

## 17. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.20 each		
<b>At 1 January 2024, 31 December 2024, 1 January 2025</b>	<b>200,000,000</b>	<b>40,000</b>
<b>Addition</b>	<b>1,800,000,000</b>	<b>360,000</b>
	<hr/>	<hr/>
<b>At 31 December 2025</b>	<b>2,000,000,000</b>	<b>400,000</b>
	<hr/> <hr/>	<hr/> <hr/>
Issued and fully paid:		
Ordinary shares of HK\$0.20 each		
<b>At 1 January 2024, 31 December 2024 and 1 January 2025</b>	<b>117,245,044</b>	<b>23,449</b>
<b>Issue of new shares (note (a))</b>	<b>21,000,000</b>	<b>4,200</b>
<b>Issue of new shares (note (b))</b>	<b>31,334,841</b>	<b>6,267</b>
<b>Issue of new shares (note (c))</b>	<b>17,000,000</b>	<b>3,400</b>
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<b>At 31 December 2025</b>	<b>186,579,885</b>	<b>37,316</b>
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*Note:*

- (a) On 17 January 2025, the Company entered into a subscription agreement with an independent third party for the allotment and issue of 21,000,000 new ordinary shares of HK\$0.20 each at a subscription price of HK\$0.325 per share under the general mandate granted to the directors of the Company. The subscription was completed during the year and gross proceeds of approximately HK\$6,825,000 were received, of which approximately HK\$4,200,000 and HK\$2,625,000 were credited to share capital and share premium, respectively.
- (b) On 18 June 2025, the Company entered into a subscription agreement with a connected person for the allotment and issue of 31,334,841 new ordinary shares of HK\$0.20 each at an issue price of HK\$0.442 per share under a specific mandate for the purpose of capitalising the shareholder's loan of approximately HK\$13,850,000 due by the Company to the subscriber. Upon completion, approximately HK\$6,267,000 and HK\$7,583,000 were credited to share capital and share premium, respectively.
- (c) On 30 September 2025, the Company allotted and issued 17,000,000 new ordinary shares of HK\$0.20 each at an issue price of HK\$0.768 per share under the general mandate as consideration shares pursuant to the purchase agreement dated 24 May 2024 and the supplemental agreement dated 27 May 2024. The fair value of the shares issued, being approximately HK\$13,056,000, was credited as to approximately HK\$3,400,000 to share capital and as to the balance of approximately HK\$9,656,000 to the share premium account.

## 18. CONTINGENT LIABILITIES

The subsidiaries of the Group, Guangdong Changyang and Guangdong Changliu, were the defendants in two legal actions involved a claim on breach of contract in relation to the acquisition of the entire equity interest for Guangzhou Lianwei Property Limited and Guangzhou Youchang Business Management Limited.

The first case has been made by 廣州市增城區人民法院 (Zengcheng People's Court\*) (“**Zengcheng Court**”) that the Group has been adjudicated to pay the plaintiffs approximately RMB57 million (the “**Judgment Sum**”). The Group has appealed to 廣州市中級人民法院 (Guangzhou Secondary People's Court\*) (“**Guangzhou Secondary Court**”), the court has upheld the decision.

The second case has been made by Zengcheng Court that the Group has been adjudicated to pay the plaintiffs the additional overdue amount of approximately RMB24 million on top of the Judgment Sum.

In respect of the above, for the first case, the Group has applied to the 廣州市高級人民法院 (Guangzhou High People's Court\*) (“**Guangzhou High Court**”) for a retrial, and the Guangzhou High Court has accepted the application and granted a stay of execution and held a hearing. As at the date of approval of these consolidated financial statements, a decision has yet to be made. For the second case, the Group had applied to the Guangzhou Secondary Court, the Guangzhou Secondary Court has accepted the application and granted a stay of execution. A hearing has been held, a decision has yet to be made as of the date of this announcement.

The Group has consulted its PRC legal adviser, and considered that, the Group has good merits in defending the actions.

## 19. EVENT AFTER THE REPORTING PERIOD

On 15 February 2026, subsequent to the reporting period, due to the government's expropriation of the Changliu Industrial Park, the lease agreement between Changliu and 廣東暢納投資有限公司 (“**Changna**”) was forced to terminate. After negotiations, all parties reached a settlement consensus under which Changliu will pay compensation of RMB 180,000,000 to Changna and its partners. The Company has decided to settle the compensation by issuing a one-year RMB note bearing an annual interest rate of 4%. Simultaneously, the Board has instructed that the issue of the note be arranged in compliance with relevant laws and regulations of Hong Kong and the Mainland China, to reach a consensus and assist the Guangzhou Changliu in continuing to strive for and complete the land acquisition compensation arrangement with the government as early as possible.

For further details, please refer to the announcements of the Company dated 15 February 2026.

## **EXTRACT OF INDEPENDENT AUDITOR’S REPORT**

The following is an extract from the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2025.

### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the HKICPA and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2 to the consolidated financial statements which states that the Group incurred a net loss of approximately HK\$226,739,000 for the year ended 31 December 2025 and as at that date, the Group had a bank borrowing of approximately HK\$402,415,000, while its cash and bank balances amounted to only approximately HK\$2,889,000. These events or conditions indicate a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **BUSINESS AND OPERATION REVIEW**

### **Business Review**

The Group recorded a revenue of approximately HK\$ 63,442,000 and recorded a loss after tax of approximately HK\$226,739,000 for the year ended 31 December 2025.

## ***Major business arrangements***

### *Continuing connected transactions*

On 13 May 2025, new tenancy agreements (the “**New Tenancy Agreements**”) were respectively entered into (i) between New Rank Services Limited (a wholly-owned subsidiary of the Company) as tenant and Winrich Investments Limited as landlord for leasing of the office premises; (ii) between New Rank Services Limited as tenant and Goldrich Investments Limited as landlord for leasing of the office premises and car parking space; and (iii) between New Rank Services Limited as tenant and Jiacheng Jiaxin International Property Management (Hong Kong) Limited as landlord for leasing of the staff quarters and car parking space. The New Tenancy Agreements are for a term of one year commencing from 1 June 2025. All of Winrich Investments Limited, Goldrich Investments Limited and Jiacheng Jiaxin International Property Management (Hong Kong) Limited are companies indirectly wholly-owned by an associate of a connected person of the Company, and therefore the transactions contemplated under the New Tenancy Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

## **OUTLOOK AND PROSPECT**

The Group has adopted “New Life Everyday, New City” as the theme of its future business development with a view to integrating different businesses to satisfy people’s various daily needs in living. Through the operations of the Group’s different units such as property management in Guangzhou, retail and consumer spending related businesses in Mainland China, investment properties in Luoyang and property development in Zhuhai, and the construction materials supply chain. As an important component of the Group’s strategy to implement this development theme, the construction materials supply chain starts with the processing and transportation of concrete, with the goal of achieving an optimized layout of the supply chain for different types of building materials, the Group will continue to strive for a perfect integration and implementation of the aforesaid theme.

### **Rental and Property Management Business in Guangzhou**

The Group’s material subsidiary, Guangdong Changliu Investment Company Limited (“**Changliu**”), is the Group’s main operating unit. On 27 May 2025, Changliu received from the relevant government authorities an official notice regarding the requisition of the Changliu Industrial Park, which explicitly states that the industrial park had been included in the scope of the Haizhu District redevelopment project. The Group is currently actively cooperating with the government to advance the negotiation work related to the land acquisition. Please refer to the relevant announcement published by the Group on 15 February 2026.

## **Retail and Consumer Spending Related Businesses, PRC**

The Group's retail and consumer spending related businesses in Mainland China were restructured as planned at the end of 2024 due to the effects of the PRC's economic changes. Looking ahead, the Group will be cautious and concerned about the structural changes and emerging opportunities in the market of retail and consumer spending related businesses in Mainland China, hoping to expand steadily in a retail and consumer spending related businesses mode with more potential from this year.

## **Investment Properties in Luoyang**

With regard to Luoyang Properties, on 5 December 2017, the Group submitted a construction plan to 洛陽市城鄉規劃局 (“洛陽規劃局”). After 洛陽規劃局's review, the Group was instructed to modify certain aspects of the construction plan. On 23 June 2018, the Group has been further instructed by 洛陽新區中央商務區規劃建設辦公室 to submit a revised construction plan to 洛陽市城鄉一體化示範區商務中心區辦公室 for approval and the document was submitted on 17 July 2018. On 13 August 2018, the Group received a notice from 洛陽市城鄉一體化示範區商務中心區辦公室, pursuant to which, the location of Luoyang Properties was minimal adjusted.

On 27 September 2023, 洛陽市自然資源和規劃局 issued an approval document (建設用地許可證) on the revised construction plan submitted by the Group in early period. The Group expected to commence the work within 12 months after the date of the approval documents. In September 2024, taking advantage of the recent adjustment of the municipal leadership team of Luoyang, the team submitted an application to the local government to change the project land use to mixed residential and commercial use.

As of 21 October 2024, the public notice period for the land use change has concluded, and the planning conditions have been confirmed.

On 31 December 2025, the Group continues to actively engage with the relevant government authorities, awaiting the official approval necessary to commence the project. The Group remains committed to maintaining this communication once the official license is granted.

## **Property Development in Zhuhai, PRC**

The development of Zhuhai property is part of the Group's commercial property development projects in Great Bay Area. In 2025, taking into account the adjustments in the property market environment in the PRC, the Group is closely monitoring the development trends of the property market and will coordinate with the government's policies on stabilizing the economy to steadily advance the subsequent arrangements and development of the Zhuhai property project in accordance with actual market conditions. The Group holds an optimistic attitude towards the long-term development of China's real estate market, and will continue to closely monitor market dynamics and will pay attention to the same in making the most favorable commercial decisions for our Company.

## **FINANCIAL REVIEW**

### **Results**

For the year under review, the Group reported a turnover which represented the rental income and related management service income and retail and related income of approximately HK\$50,674,000 and HK\$0 (2024: HK\$54,587,000 and HK\$44,020,000). The Group's net loss for the year was approximately HK\$226,739,000 (2024: HK\$136,522,000). The basic loss per share for the year was approximately 139.34 HK cents (2024: loss per share 108.87 HK cents). Administrative expenses was approximately HK\$ 68,010,000 (2024: HK\$70,223,000). Finance costs was approximately HK\$36,787,000 (2024: HK\$13,913,000).

### **Liquidity, Financial Resources and Funding Requirements**

As at 31 December 2025, the Group's total assets were approximately HK\$1,465,579,000 (2024: HK\$1,609,797,000) and total liabilities were approximately HK\$1,365,946,000 (2024: HK\$1,336,389,000). As at 31 December 2025, the cash and bank balances was approximately HK\$2,889,000 (2024: HK\$8,459,000) and the current ratio (current assets/current liabilities) was 1.25 as at 31 December 2025 (2024: 1.33).

### **Pledge of Assets**

As at 31 December 2025, the Group's investment properties located in Guangzhou Xintang, Luoyang and Zhuhai were pledged to secure bank borrowings.

### **Gearing Ratio**

The gearing ratio (net debt/capital and net debt) was 89.2% as at 31 December 2025 (2024: 78%).

## **Capital Structure**

There is no change in the capital structure of the Company.

## **Exchange Risks**

The majority of the Group's operations are located in the PRC and the main operational currencies are Hong Kong Dollars and Renminbi. The Company is paying regular and active attention to Renminbi exchange rate fluctuation and consistently assessing exchange risks.

## **Dividends**

The directors did not recommend the payment of any dividend for the year ended 31 December 2025 (2024: Nil).

## **Employees**

As at 31 December 2025, the Group has employed about 46 (2024: 46) employees in Hong Kong and the PRC. The Group adopts a competitive remuneration package for its employees. Remuneration packages are reviewed annually with reference to the then prevailing market employment practices and legislation.

## **Significant Investments and Material Acquisitions**

The Group did not have any significant investments and material acquisitions during the year ended 31 December 2025.

## **Contingent Liabilities**

Details of the contingent liabilities are set out in the consolidated financial statements.

## **Commitments**

Details of the commitments are set out in the consolidated financial statements.

## **SCOPE OF WORK OF THE AUDITOR**

The figures in respect of the consolidated statement of financial position as at 31 December 2025 and consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 of the Group as set out in the announcement have been agreed by the Company's auditor, McMillan Woods (Hong Kong) CPA Limited ("**McMillan Woods**"), to the amounts set out in the Group's latest draft consolidated financial statements for the year. The work performed by McMillan Woods in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements as issued by the HKICPA and consequently no assurance has been expressed by McMillan Woods on the announcement.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2025.

## **CORPORATE GOVERNANCE**

The Company has complied with all the code provisions ("**Code Provisions**") as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 of the Listing Rules of the Stock Exchange, save for the deviations listed below:

The Chairman of the Company is also the chief executive officer of the Company, which deviates from Code Provision A.2.1 which provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has engaged Mr. Cheung Ka Lung as the deputy chief executive officer of the Company in April 2024, he is responsible for identifying and evaluating new business opportunities and executing new corporate transactions of the Group. This arrangement also serves to maintain an effective segregation of duties. The Company will review the structure from time to time and will make necessary arrangements to observe the provisions of the Listing Rules whenever necessary.

According to the Articles of Association of the Company, the non-executive directors of the Company are not appointed for specific terms. Thus, they are deviated from Code Provision A.4.1 which stipulates that non-executive directors should be appointed for a specific term, subject to re-election and Code Provision A.4.2 which stipulates that all directors appointed to fill a casual vacancy shall hold office only until the next following general meeting and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, in view of the fact that non-executive directors are subject to retirement by rotation as stipulated in the Company's Articles of Association, the Company considers that there are sufficient measures in place to ensure that the corporate governance of the Company are no less exacting than the Code Provisions. The Company will review its Articles of Association from time to time and will make necessary amendments to ensure observance of the provisions of the Listing Rules whenever necessary.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the “**Model Code**”). Having made specific enquiry of the Directors, the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2025.

### **PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.newcitygroup.com.hk](http://www.newcitygroup.com.hk)). The 2025 Annual Report will be despatched to our Shareholders on or before 30 April 2026 and will be available at the websites of the Stock Exchange and the Company.

### **AUDIT COMMITTEE**

The Audit Committee comprises three members who are independent non-executive directors namely Mr. Chan Yiu Tung, Anthony, Mr. Leung Kwai Wah, Alex and Mr. Zhang Jing. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal controls and the consolidated financial statements for the year ended 31 December 2025.

## **REMUNERATION COMMITTEE**

Pursuant to the provisions of the Code as set out in Appendix 14 of the Listing Rules, the Board has established the Remuneration Committee. The Remuneration Committee comprises two independent non-executive Director, including Mr. Chan Yiu Tung, Anthony as chairman and Mr. Leung Kwai Wah, Alex, Mr. Han Junran who is an executive Director and Chairman of the Board. The Remuneration Committee normally meets for reviewing the remuneration policy and structure and determination of the annual remuneration packages of the members of the Board and the senior management and other related matters.

## **NOMINATION COMMITTEE**

The Company has established a nomination committee and was chaired by Mr. Han Junran, an executive Director and Chairman of the Board. The Nomination Committee also include three independent non-executive Directors, namely Mr. Leung Kwai Wah, Alex, Mr. Chan Yiu Tung, Anthony and Mr. Zhang Jing. The Nomination Committee is responsible for, inter alia, nominating potential candidates for directorship appointment and succession planning of the Board, reviewing the composition and structure of the Board regularly and making appropriate recommendation to the Board in order to ensure the balance of expertise, skills and experience among the members of the Board.

## **BOARD OF DIRECTORS**

As at the date of this announcement, the Company has (i) two executive directors, namely Mr. Han Junran (Chairman) and Mr. Luo Min; and (ii) five independent non-executive directors, namely Mr. Chan Yiu Tung, Anthony, Dr. Ouyang Qingru, Mr. Leung Kwai Wah, Alex, Mr. Zhang Jing and Mr. Luo Zhen.

By Order of the Board  
**New City Development Group Limited**  
**Han Junran**  
*Chairman*

Hong Kong, 31 March 2026