*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

# 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)**

## SUPPLEMENTAL ANNOUNCEMENT
## REQUISITION OF LAND

Reference is made to the announcement (the "**Announcement**") of New City Development Group Limited (the "**Company**") dated 15 February 2026 regarding the Decisions. Unless the context requires otherwise, capitalised terms used herein shall bear the same meanings as defined in the Announcement.

Set out below further information of the land requisition and the Compensation:

### CHRONOLOGY OF EVENTS

In January 2025, there was a widespread rumour about the renewal and reconstruction of the Government's New Central Axis in Haizhu District where the Guangzhou Changliu Industrial Park was located (the "**Project**").

However, the Company was not provided with any official confirmation from the relevant government authorities upon inquiries.

**Negotiations between Guangzhou Changliu, Guangdong Changna and the Government regarding the Land Requisition**

In around April to June 2025, Guangzhou Changliu Investment Company Limited* (廣州暢流投資有限公司) ("**Guangzhou Changliu**") attempted formal communication with the relevant government authorities on the Project. As a stakeholder in the leasing of the Project, Guangdong Changna Investment Development Company Limited* (廣東暢納投資開發有限公司) ("**Guangdong Changna**") (the principal tenant of the Project) requested to participate in the relevant negotiations with the relevant government authorities as an observer so that it would be fully informed about the Project.

* *For identification purposes only*

On 27 May 2025, Guangzhou Changliu received from the relevant government authorities an official notice regarding the requisition of the Guangzhou Changliu Industrial Park, which explicitly states that the Guangzhou Changliu Industrial Park had been included in the scope of the Haizhu District redevelopment project. As the principal tenant of the Guangzhou Changliu Industrial Park, Guangdong Changna expressed concern regarding whether Guangzhou Changliu would be able to continue fulfilling the lease agreement should the industrial park be acquired by the government, and requested to participate in the relevant negotiations with the relevant government authorities as an observer. Given that Guangdong Changna was a key stakeholder in the matter, Guangzhou Changliu agreed to allow it to participate in relevant discussions as an observer, except that Guangdong Changna had no decision-making authority in the matter.

In August 2025, following negotiations between Guangzhou Changliu and the Haizhu District Land Requisition Office of Guangzhou (廣州市海珠區徵地辦公室), the latest agreed-upon compensation was in the sum of RMB525 million (equivalent to HK$584 million), exclusive of demolition costs (which would be borne by the Chinese mainland government separately). Following negotiations between Guangzhou Changliu and the Haizhu District Land Requisition Office of Guangzhou regarding the land requisition compensation plan, the latest terms were submitted by the Haizhu District Land Requisition Office of Guangzhou to its superior authorities for review and approval. Meanwhile, Guangzhou Changliu requested that the Haizhu District Land Requisition Office of Guangzhou grant it the right of first refusal for development on equal terms with other bidders should the land parcel be put up for public tender or auction in the future. The Haizhu District Land Requisition Office of Guangzhou indicated that it would report this request to its superiors and seek their approval.

The Company consulted with its PRC legal advisors (the "**Legal Advisors**") and was advised that the negotiations between Guangzhou Changliu and the government regarding the land requisition agreement were conducted entirely within the framework of current laws and were supported by clear legal and policy provisions. In accordance with the core provisions of the Land Administration Law of the People's Republic of China, the Urban Real Estate Management Law of the People's Republic of China and the Regulations for the Expropriation of and Compensation for Housing on State-owned Land, municipal and county-level people's governments, as well as the competent departments for land requisition, natural resources and urban renewal, have the authority to engage in cooperative development negotiations with original land rights holders throughout the entire process of land requisition, consolidation and supply, and to encourage original rights holders to participate in urban renewal and subsequent land development and utilization. There were no legal obstacles to the Haizhu District Government's subordinate requisition implementation departments, land development departments and natural resources management departments conducting negotiations and agreements regarding such right of first refusal for development, and such negotiation model also aligned with the standard operational practices for urban renewal and land requisition in Guangzhou.

The Board was informed of the progress of the aforementioned negotiations with the government and such matters pending approval. The Board instructed Guangzhou Changliu to continue monitoring the progress of the government's approval process in accordance with the terms agreed upon above. Regarding the progress of the Project, in its interim report for the period ended 30 June 2025, the Company made a note under Note 14 that the Guangzhou Changliu Industrial Park had been included in the scope of the government's renewal project, and that the compensation plan was being negotiated with relevant government authorities.

In late October 2025, while Guangzhou Changliu and Guangdong Changna continued to follow up with the government regarding the progress of the land requisition agreement approval, Guangzhou Changliu received an advance payment of RMB270 million from the government, specifically designated for repaying the principal and interest of bank loans to release property mortgages, arranging for tenants to vacate the premises and conducting site clearance and other preliminary preparatory work. This served as Guangzhou Changliu's compliance with the government's requirements for relevant preliminary preparations during the land requisition process, in order to implement the government's relevant land requisition policies. In respect of the allocation of compensation liabilities between Guangzhou Changliu and Guangdong Changna, as the vast majority of the Project's area was leased by Guangdong Changna and subleased by it, Guangdong Changna was directly responsible for compensating the sublessees in connection with such subleases. There was only one historical direct-lease customer for whom Guangzhou Changliu was directly responsible for compensation. Guangzhou Changliu sought legal advice on this matter and confirmed that the disbursement of this advance payment did not constitute the government's implementation of the land requisition compensation agreement but was merely an administrative measure by the government to advance the land requisition process. The company separately consulted the Legal Advisors, who explicitly stated that the sole lawful use of the advance payment of RMB270 million was to repay the bank loans corresponding to the land parcel in question, process the cancellation of the mortgage on the collateral and complete the procedures for releasing the mortgage registration, thereby creating the statutory prerequisites for the government to achieve the recovery of clear land and complete the requisition and delivery, and that the payment shall not directly or specifically be used for any other purpose, nor shall it be used to pay the compensation of RMB180 million to Guangdong Changna.

On 4 November 2025, the People's Government of Haizhu District, Guangzhou issued Haifu Zhengfang [2025] No. 4 (海府徵房[2025]4號檔), publicly announcing its decision to requisition buildings on state-owned land for the New Central Axis Haizhu District Renewal Project (Buyigang and Changliu Park Plots). As of that date, Guangzhou Changliu had not yet received the government's approval regarding the implementation of the land requisition agreement. However, this demonstrated that the government was advancing the Project in a manner that rendered the agreement unenforceable, while also reflecting the government's commitment to completing the Project by the end of 2025. It also then bolstered the confidence of Guangdong Changna and its partners, as well as that of Guangzhou Changliu, that the settlement would be implemented by 31 December 2025.

Meanwhile, Guangdong Changna also introduced its partners that had previously participated in the management and restoration of the Guangzhou Changliu Industrial Park as stakeholders, so that once the government implements the land requisition agreement, the subsequent handover arrangements between Guangdong Changna and its partners and Guangzhou Changliu can proceed smoothly.

According to the government's official response on 5 February 2026, the land requisition agreement was undergoing internal government approval processes and, due to the need for coordinated review by multiple departments (including those responsible for requisition, land development and natural resources), a specific timeline for approval had not yet been determined; Guangzhou Changliu may continue to maintain communication with the two lead government departments to track the approval progress of the land requisition agreement simultaneously; and the written communication records and government response documents regarding the integrated submission and advancement of the land requisition agreement fully demonstrate, from a legal perspective, that the land requisition and demolition project includes core documents on land compensation and cooperative development, that the agreement on the right of first refusal for development has a legal basis and that the relevant government departments have accepted and are proceeding with the approval process.

The Company is unable to predict the exact timeline for entering into a legally binding land requisition agreement with the government. Current laws do not establish a uniform, mandatory timeframe for land requisition projects. Instead, the progress of a requisition project is determined at the government's discretion based on factors such as the approval process and funding arrangements. The Company has assigned dedicated personnel to maintain ongoing communication with the Haizhu District Land Requisition Office, the Chigang Subdistrict Office and other relevant departments to ensure timely follow-up. If no legally binding agreement is ultimately signed with the government, the existing compensation arrangement with Guangdong Changna does not contain a clause exempting the Company from repaying the compensation. After evaluation, the Board believes that accepting such compensation arrangement is a reasonable course of action to avoid government-imposed liability, prevent multiple lawsuits, reduce financial losses and safeguard asset value, and is in the best interests of the Company and its shareholders. The Company intends to use the government land requisition compensation funds to be received subsequently as the source of funds for repaying the Guangdong Changna compensation and the government advance.

In accordance with the Land Administration Law of the People's Republic of China, the Regulations for the Expropriation of and Compensation for Housing on State-owned Land and relevant local regulations of Guangzhou regarding urban renewal and requisition, the current legal system in the PRC does not establish a uniform, mandatory statutory timeframe for government requisition projects from initiation to completion. The government lawfully retains the authority and discretion to determine the progress of requisition implementation, and a company lacks both the legal and factual basis to estimate the progress of requisition. Although the government has, through legally binding means such as public notices, confirmed the legality and validity of the requisition in question and its progress in accordance with the law, the schedule remains subject to the government's independent decision based on factors including approval procedures, funding arrangements and district-wide coordination. A company bears only an obligation to cooperate and can only continue to monitor the situation and await government notification and may not require the government to set a specific timeframe.

Pursuant to the aforementioned legal provisions, municipal and county-level people's governments, as well as the departments responsible for implementing requisition, serve as the statutory requisition authorities and possess absolute control over the progress of requisition projects. They may independently adjust the pace of implementation based on objective factors such as preliminary project approvals, funding coordination, coordinated district-wide redevelopment, reviews by higher-level departments and negotiations with rights holders. Given the current practical circumstances and legal provisions, the government's response, which does not provide a clear timeframe for the land requisition, is legally and regulatory compliant. While awaiting formal notification from the government, the company may continue to proactively maintain communication with the relevant government authorities to stay informed of the latest developments regarding the progress of the requisition and to reasonably manage the pace of negotiations and responses within the legal framework.

**Guangzhou Changliu's Response to Guangdong Changna's Claim that Guangzhou Changliu Has Breached the Lease Agreement**

As the land requisition process moved forward, in September 2025, Guangdong Changna argued that Guangzhou Changliu shall bear the corresponding liability for breach of contract under the lease agreement (the "**Agreement**") as it would be unable to continue performing the Agreement for the next 18 years due to the government's land requisition. The Directors of the Company noted that the Agreement poses potential legal and operational risks that make its continued performance difficult, and immediately initiated discussions and negotiations with Guangdong Changna. The background to such potential risks is that government authorities have issued formal opinions and supporting documents regarding the land requisition for the Guangzhou Changliu Industrial Park and changes in the objective environment have created significant uncertainty regarding the continued performance of the Agreement.

During negotiations with government authorities regarding the land requisition compensation, the Company conducted a comprehensive assessment based on legal advice and concluded that if it fails to respond to Guangdong Changna's claims and refuses to negotiate a resolution to the dispute, and if Guangdong Changna initiates legal proceedings, the outcome may be uncertain but is highly likely to result in adverse legal consequences for Guangzhou Changliu. This may not only affect the progress of land requisition negotiations with the government and the terms under discussion, but may also lead to delays in site clearance and an inability to hand over the land to the government. Furthermore, it may trigger unnecessary litigation risks from existing or potential creditors, resulting in a chain of risks detrimental to the interests of the Company and its shareholders as a whole.

The Agreement, which was entered into between Guangdong Changna and Guangzhou Changliu, commenced on 1 January 2024 for a term of 20 years, pursuant to which Guangdong Changna paid the rent of RMB20 million per annum to Guangzhou Changliu. Should the Guangzhou Changliu Industrial Park be acquired by the government, the Agreement could no longer be performed, leaving 18 years unexpired.

The Company has consulted with the Legal Advisors. A summary of the legal opinion obtained is as follows:

1. The government's requisition has led to a passive breach of contract: the Guangzhou Changliu Industrial Park has been included within the scope of requisition under the Project. Relevant government departments have already commenced preliminary work, disbursed special-purpose loans, demanded loan repayment and requested the cancellation of mortgages. Guangzhou Changliu has also handed over the original real estate ownership certificates to the relevant government departments. Although the final formal requisition agreement has not yet been signed, the performance of the Agreement has become objectively and legally impossible, which has led to a passive breach of contract on the part of Guangzhou Changliu. Pursuant to the relevant provisions of the Civil Code of the People's Republic of China, where the performance of a contract cannot be continued due to a material change in the contractual basis, even if a party has not committed an explicit breach, the party shall be deemed to have failed to perform, and a lessor is still liable for a lessee's reasonable losses. As a lessee, Guangdong Changna shall enjoy lawful and stable rights of use for the remaining lease term. Guangzhou Changliu had previously invited Guangdong Changna to participate in communications and negotiations regarding the requisition, thus further confirming the status of Guangdong Changna as a legitimate lessee. Under these circumstances, the Agreement no longer has any realistic possibility of continued performance, and the law cannot support the Guangzhou Changliu's claim for continued performance of the contract. Even if Guangzhou Changliu has not actively breached the contract terms, it shall still be deemed liable for corresponding legal responsibilities due to impossibility of performance.

2. Litigation risk: if Guangdong Changna files a lawsuit, Guangzhou Changliu is highly likely to be ordered to pay damages, and may face a chain of risks, including delays in site clearance, an inability to hand over the land to the government and early maturity of bank loans. The relationship between Guangzhou Changliu and Guangdong Changna is not merely a simple property lease arrangement, but rather a deep partnership based on long-term operational authorization and a stable revenue model. Since taking over the lease, Guangdong Changna has made substantial investments in venue operations and tenant recruitment, with over 100 tenant businesses now operating on-site, forming a complete operational system. With the Agreement facing requisition and demolition after only slightly over a year of performance, Guangdong Changna's long-term business expectations and future revenue have been completely dashed. As a lessee, Guangdong Changna must inevitably seek protection and negotiation for its legitimate rights and interests, which is consistent with normal business logic and the principle of fairness. The government's requisition requirements mandate the return of the site in a cleared condition. As the property owner, Guangzhou Changliu must complete site clearance and tenant eviction to meet these requirements and fulfill its related obligations; however, the clearance process is highly dependent on Guangdong Changna's cooperation. Without clear compensation or safeguard arrangements, Guangdong Changna has no obligation to cooperate with the requisition-related work. Neither Guangdong Changna itself nor the numerous tenants under its management will voluntarily cooperate with the site clearance and relocation. This would directly result in the Guangzhou Changliu's inability to deliver the site in a cleared condition as required by the government, which would not only affect the progress of the government's requisition process but could also expose Guangzhou Changliu to performance risks with the government. Given that the conditions for contract performance have undergone fundamental and significant changes, Guangdong Changna's claims for reasonable protection of its rights and interests are supported by a solid factual basis and are reasonable. Once legal proceedings are initiated, adjudicating authorities are expected to uphold Guangdong Changna's reasonable claims based on the principles of fairness and good faith. If the dispute is not properly resolved through settlement, Guangdong Changna may at any time initiate legal measures such as litigation, property preservation and on-site work stoppages. This would not only result in high litigation costs and uncontrollable compensation amounts but would also directly disrupt the progress of the government's requisition process. More importantly, once the fact that Guangzhou Changliu is unable to cooperate with the government's land handover is established, it will trigger the right of acceleration for demanding repayments for existing and potential creditors. Banks and other financial institutions may, in accordance with loan agreements, declare the loans due in advance and demand immediate repayment on the grounds of significant adverse changes in the project, loss of repayment sources or involvement in major legal or regulatory violations, and initiate collateral enforcement procedures. This could trigger cross-default and a chain of litigation, rapidly plunging the company into a comprehensive debt crisis and causing irreversible damage to normal operations, asset security and corporate creditworthiness.

3. The government requisition is legally binding: the People's Government of Haizhu District, Guangzhou, the Haizhu District Land Requisition Office and the Chigang Subdistrict Office are all statutory entities responsible for requisition and implementation. Pursuant to the Regulations for the Expropriation of and Compensation for Housing on State-owned Land, municipal and county-level people's governments have the authority to make decisions on housing requisition in accordance with the law, and relevant pre-requisition notices, work arrangements and fund disbursement documents all constitute legally binding administrative documents that are legally binding on Guangzhou Changliu. The series of arrangements made by government departments in connection with the requisition (including the disbursement of special-purpose loans, requests to release mortgages and surrender property titles and the requirement for the property to be returned in a cleared state) do not constitute ordinary, non-binding communications, but rather administrative acts with binding force. These have directly resulted in the Guangzhou Changliu Industrial Park being unable to continue to be used for leasing operations, and Guangzhou Changliu is objectively unable to continue providing Guangdong Changna with the leased property as stipulated in the Agreement. This statutory ground has directly prevented Guangzhou Changliu from continuing to fulfill its core obligations under the Agreement. The fact that a final requisition agreement has not been signed does not affect the legal validity of the government's requisition actions, nor does it alter the fact that the Agreement can no longer be performed. Guangzhou Changliu cannot assert that it is not liable to Guangdong Changna, the lessee, on the grounds that a formal requisition agreement has not been signed.

4. Considerations regarding the protection of shareholders' interests in the performance of directors' duties: pursuant to the relevant provisions of the Company Law of the People's Republic of China, the directors, supervisors and senior management of a company shall bear duties of loyalty and diligence toward the company, and their conduct in performing their duties must be guided by the fundamental principle of maximizing the interests of the company and all its shareholders. By adopting this settlement plan, the company has appropriately resolved disputes related to the requisition, ensured the smooth progress of the requisition process and safeguarded the value of the company's assets and the bottom line of compliant operations, thereby complying with the statutory requirements of the Company Law regarding the performance of duties by directors and management. The legitimate rights and interests of the ultimate overseas shareholders are also founded upon the strict compliance and lawful operation of the domestic operating entity and the realization of the maximization of shareholder interests. As an overseas-listed entity, the company strictly adheres to the principles of lawful and compliant operations in all relevant decisions and arrangements, in accordance with both domestic and international regulatory requirements and corporate governance standards. Therefore, in accordance with the relevant provisions of the Company Law of the People's Republic of China, the directors and shareholders of Guangzhou Changliu must ensure that shareholders' interests are optimally protected. When reporting to senior shareholders, the directors of Guangzhou Changliu have taken into account that this is one of the safeguards for the rights and obligations conferred by the Company Law.

5. Considerations regarding financial costs: the government has allocated special-purpose funds to repay bank loans. Once a settlement is reached and the land acquisition proceeds smoothly, Guangzhou Changliu can immediately cease monthly loan interest payments of approximately RMB1 million, significantly reducing ongoing cash outflows. If the settlement is refused and the parties become embroiled in a prolonged dispute, the government will suspend the requisition process in accordance with the law. Since land parcel of the Guangzhou Changliu Industrial Park is within the scope of coordinated district-wide redevelopment project, once the project stalls, measures such as road excavation, utility disconnections and area restrictions will be implemented simultaneously. The park will completely lose its operational capacity and market value, yet Guangzhou Changliu will still be required to continue bearing fixed expenses such as loan interest, management costs and personnel expenses, resulting in losses that will continue to expand and become irreparable. Furthermore, if litigation is initiated against Guangdong Changna and over 100 tenants, Guangzhou Changliu will face multiple pressures, including government-imposed liability, claims from lessees, protests from tenants and debt collection by banks. Assets will be subject to preservation orders, projects will be frozen and cash flow will be completely severed, potentially leading to complete loss of the company's value. In contrast, settling the dispute with a one-time settlement of RMB180 million in exchange for Guangdong Changna's full cooperation in handing over the land would ensure the smooth progress of the requisition, the proper repayment of bank debts and the effective recovery of upfront costs. This would allow for the disposal of assets and the maximization of benefits under stable conditions free from litigation, disputes, and administrative penalties.

In the best interests of Guangzhou Changliu and its shareholders, and taking into account the discussions between Guangzhou Changliu, Guangdong Changna and the local government and the follow-up regarding the land requisition, Guangzhou Changliu and Guangdong Changna began negotiations in October 2025 and reached an understanding for settlement that (i) compensation would be calculated based on a remaining term of 10 years (after deducting the 2025 annual rent), and the final compensation amount was determined at RMB180 million; and (ii) drawing on their experience in following up the whole process of the land requisition by the local government, both parties considered it highly likely that Guangzhou Changliu and the government would reach a land requisition agreement and receive the relevant land requisition compensation before 31 December 2025. Based on this understanding, the parties set 31 December 2025 as the deadline. Should Guangzhou Changliu be able to sign a land requisition agreement with the government and receive compensation by that date, the parties would enter into a separate, legally binding compensation agreement based on the aforementioned compensation amount to implement the settlement. Otherwise, the parties' negotiation period shall be thirty days, commencing on 31 December 2025. During that thirty-day period, the parties shall renegotiate the relevant terms to reach a mutually acceptable arrangement.

From the perspectives of economic interests and practical implementation, accepting the settlement of RMB180 million and securing Guangdong Changna's full cooperation is the option with the lowest cost, the least risk and the most certain returns. This would ensure the smooth progress of the land acquisition, the proper repayment of bank debts and the effective recovery of upfront costs.

As at 31 December 2025, Guangzhou Changliu and the government had not signed any legally binding agreement regarding the Project, nor had the compensation amount for land requisition been finalized. Therefore, Guangdong Changna and its partners entered into a 30-day negotiation period with Guangzhou Changliu to renegotiate the compensation terms. Guangdong Changna and its partners requested that the Company issue one-year notes bearing an annual interest rate of 4% as compensation of RMB180 million for Guangzhou Changliu's inability to continue performing the Agreement (the "**Offer**").

Since 1 January 2026, the parties had entered a 30-day period of renegotiation.

At this stage, during the government compensation negotiations, the arrangement regarding the RMB180 million stipulated in the aforementioned settlement agreement is subject to a precondition: if the government is able to sign a land requisition compensation agreement with Guangzhou Changliu by 31 December 2025 and fully disburse the compensation funds, the original government compensation payment will be sufficient to repay the RMB180 million; otherwise, the relevant provisions of the original settlement agreement will automatically become void, and the parties shall renegotiate and agree on a new plan for the disposition of the funds.

The Company will make further announcements when the agreement is signed and as and when necessary according to the Listing Rules.

**Board Resolution**

The Company held a Board meeting on 13 February 2026. After taking into account the full historical context of the matter, the legal advice obtained, the potential legal risks, the results of commercial negotiations, the potential development opportunities in the future and (with a view to safeguarding the best interests of the Company) the risks and consequences of failing to respond to the demands of Guangdong Changna and its partners, the Board accepted the request made by Guangdong Changna and its partners (the details of which are set out in the Company's announcement published on 15 February 2026).

Based on all the above considerations, and with a view to safeguarding the best interests of all shareholders of the Company, the Company is actively following up with the relevant government authorities to ensure that a legally binding land requisition agreement will be finalized as soon as possible. Once the land requisition agreement proposed by Guangzhou Changliu is finalized, it is expected that, upon receipt of the government's land requisition compensation, such funds will be used for purposes including, but not limited to, the payment of the Offer.

As at the date of this announcement, the Company has not entered into any legally binding agreements with local government authorities in the Chinese Mainland regarding the land requisition. The Company will continue to actively follow up the situation.

**STATEMENT OF FINANCIAL POSITION**

The audited carrying amount of the Investment Properties as at 31 December 2024 was approximately HK$540 million, representing 51% of total assets.

As at 30 June 2025, the unaudited carrying amount of Investment Properties was HK$597 million, of which HK$537 million related to Guangzhou Changliu.

If the government acquired the Investment Properties, its unaudited carrying amount as at 31 December 2025 would be reduced to zero, representing a decrease in assets of HK$540 million (53%).

Assuming that the Company would receive government land requisition compensation of HK$584 million (63%) (which is not finalised), resulting in a net increase in assets of approximately 8%.

Liabilities would decrease by approximately HK$263 million in principal and interest repayments to banks, representing 56% of total liabilities.

**INCOME STATEMENT**

The audited rental and operating income for the year ended 31 December 2024 was approximately HK$50 million.

The unaudited rental and operating income for the year ended 31 December 2025 was approximately HK$48 million.

If the Investment Properties was acquired by the government, the Company would have received approximately HK$48 million less in annual rental and operating income, representing a decline of about 85% in revenue.

The audited related expenses of the Investment Properties for the year ended 31 December 2024 were approximately HK$52 million.

If the Investment Properties were acquired, the unaudited related expenses for the year ended 31 December 2025 would be approximately HK$60 million less, representing a decrease of about 18% in expenses, and an increase in profit of about 14%.

## INTENDED USE OF THE COMPENSATION BY THE COMPANY (NOT FINALIZED)

Based on the latest negotiated amount in the sum of RMB525 million, the Compensation, once it is accepted and finalized by the government, is expected to be allocated as follows: (i) repayment of government advances of RMB270 million; (ii) as to RMB180 million would be utilised to pay the principal and interest (if any) on notes issued to Guangdong Changna and its partners; (iii) as to RMB15 million would be utilised to repay the loan taken out by a subsidiary for the Xintang Project in Zengcheng District, Guangzhou; (iv) as to RMB20 million would be utilised for daily operating expenses of New City Group in 2026; (v) as to RMB24 million would be utilised for payment of amounts payable by the Company arising from the arbitration loss against Guangdong Changna; and (vi) as to RMB16 million would be used as general working capital of the Company. The Company will sustain the development of existing businesses, consolidate operations, pursue growth opportunities, strengthen its business and cash flow for the interests of all shareholders.

Save as disclosed above, all information in the Announcement remains unchanged.

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

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

Hong Kong, 20 May 2026

*As at the date of this announcement, the Board comprises (i) three executive Directors, namely Mr. Han Junran (Chairman), Mr. Luo Min and Mr. Luo Zhen; and (ii) four independent non-executive Directors, namely Dr. Ouyang Qingru, Mr. Zhang Jing, Mr. Wong Pak Wing and Mr. Lam Chi Cheung Albert.*