NEW TOWN

CHINA NEW TOWN DEVELOPMENT COMPANY LIMITED
中國新城鎮發展有限公司

(Incorporated as a business company limited by shares under the laws of the British Virgin Islands)

(Stock Code: 1278)

ANNOUNCEMENT
SUPPLEMENTAL AGREEMENT
DISCLOSEABLE TRANSACTION RELATING TO ACQUISITION OF EQUITY INTEREST IN THE TARGET COMPANY

Reference is made to the announcements of China New Town Development Company Limited (the "**Company**") dated 25 April 2024 and 16 May 2024 (the "**Announcements**") in relation to, among others, the discloseable transaction in respect of the acquisition of 30% equity interest in Meidi Elderly Care Service (Shanghai) Co., Ltd.* (美邸養老服務(上海)有限公司) (the "**Target Company**"). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

BACKGROUND

On 25 April 2024, Hainan Xincheng (being an indirect wholly-owned subsidiary of the Company), the Target Company and the Existing Shareholders entered into the Transaction Documents, pursuant to which Hainan Xincheng shall acquire approximately 30% equity interest in the Target Company by way of capital contribution of RMB50,000,000 to the Target Company in two instalments.

As of the date of this announcement, (i) the registered capital of the Target Company is RMB58,479,528.57, among which RMB51,461,985.14 has been paid up; (ii) the First Instalment (being RMB30,000,000) has been settled by Hainan Xincheng, among which RMB10,526,315.14 has been accounted for the registered capital of the Target Company and RMB19,473,684.86 has been accounted for the capital reserve of the Target Company; and (iii) the remaining portion of the Capital Contribution Amount (the "**Second Instalment**", being RMB20,000,000) remains unpaid by Hainan Xincheng.

On 29 June 2026, the parties entered into a supplemental agreement (the "**Supplemental Agreement**") to revise the terms of the Capital Increase Agreement and a revised shareholders' agreement (the "**Revised Shareholders' Agreement**") which supersedes the Shareholders' Agreement.

THE SUPPLEMENTAL AGREEMENT AND THE REVISED SHAREHOLDERS' AGREEMENT

The principal terms of the Supplemental Agreement and the Revised Shareholders' Agreement are summarised as follows:

Date: 29 June 2026

Parties:

(1) Hainan Xincheng;

(2) the Target Company; and

(3) the Existing Shareholders

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Target Company, the Existing Shareholders and their respective ultimate beneficial owners is an Independent Third Party as at the date of this announcement.

Reduction of the Capital Contribution Amount

Pursuant to the Supplemental Agreement, the Capital Contribution Amount to be borne by Hainan Xincheng shall be reduced from RMB50,000,000 to RMB30,000,000 (equivalent to the First Instalment which has already been settled by Hainan Xincheng). As such, Hainan Xincheng shall no longer have the obligation to settle the Second Instalment in the amount of RMB20,000,000. The registered capital of the Target Company shall also be reduced to RMB51,461,985.14, and the Target Company will be held as to approximately 20.45% by Hainan Xincheng accordingly.

Cancellation of the Performance Compensation

Pursuant to the Revised Shareholders' Agreement, the Performance Compensation shall be cancelled in its entirety.

REASONS OF AND BENEFITS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT AND THE REVISED SHAREHOLDERS' AGREEMENT

Since the Company's capital contribution to the Target Company in 2024, the Target Company has not met performance expectations and has been incurring losses, primarily due to the combined impact of the challenging economic environment, market competition, and the performance ramp-up phase of the Target Company. As the Target Company is an associate of the Company, the Group recorded a share of loss of approximately RMB2,985,000 and RMB3,489,000 from the Target Company for the years ended 31 December 2024 and 2025, respectively. The Board is of the view that the Target Company is not expected to return to profitability in the short term, taking into account that the financial and operational performance of the Target Company has been affected by the combined impact of the industry's sustained investment requirements, long-cycle characteristics, and the macroeconomic environment.

After evaluating the risks and benefits of paying the Second Instalment, the Board believes that the loss-making Target Company may not generate sufficient benefits to justify the devotion of further resources by the Group. Furthermore, the Capital Increase was originally an investment for the Group to tap into the elderly care and wellness industry in the healthcare sector which may no longer be fully in line with the Group's current strategic direction in exploring investment and business transformation opportunities in strategic emerging industries and new economic sectors. As such, the Board considers it prudent to focus on preserving financial resilience and to reallocate capital to investment opportunities with more attractive risk-return profiles.

Once the Target Company's registered capital has been reduced, the Group's shareholding will decrease to approximately 20.45%, and the Group's investment in the Target Company will be re-positioned as a financial maintenance investment, thereby mitigating the impact of operational uncertainties of the Target Company on the Group. The Board is of the view that enforcing the Performance Compensation would increase the Group's equity interest in the Target Company, thereby further increasing the Group's share of losses from the Target Company. The Board also believes that acquiring further equity interests under the Performance Compensation would expand the Group's management responsibilities in the Target Company and weaken the incentive for the Existing Shareholders to devote further efforts and resources to the Target Company, which might ultimately further increase the financial pressure of the Group.

In light of the above, the Board is of the view that the reduction of the Capital Contribution Amount and the cancellation of the Performance Compensation will reduce the Group's overall financial exposure with respect to the Target Company's business operations, effectively relieving the Group from future financial obligations and pressure and paving the way for the Group's gradual exit from the Target Company. It would also allow the Group to retain its cash and redeploy its financial resources more flexibly to pursue other potential business opportunities in the future that are in line with Group's strategy and requirements.

As such, the Directors (including the independent non-executive Directors) consider that the terms of the Supplemental Agreement and the Revised Shareholders' Agreement were determined after arm's length negotiations among the parties, which are on normal commercial terms and are fair and reasonable, and that the entering into of the Supplemental Agreement and the Revised Shareholders' Agreement are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

This announcement is made by the Company pursuant to Rule 14.36 of the Listing Rules to provide its shareholders and investors with updates on the Capital Increase.

Save for the revisions disclosed in this announcement, all other principal terms and conditions of the Capital Increase Agreement shall remain unchanged and continue to be in full force and effect in all respects. Save as disclosed above, all other information as set out in the Announcements remain unchanged and this announcement is supplemental to and should be read in conjunction with the Announcements.

* *for identification purposes only*

By Order of the Board
China New Town Development Company Limited
Yang Meiyu
President and Executive Director

Hong Kong, 29 June 2026

As at the date of this announcement, the executive Directors are Ms. Yang Meiyu (President) and Mr. Shi Janson Bing; the non-executive Directors are Ms. Liu Yanhong (Chairman), Mr. Xie Zhen, Mr. Hu Zhiwei and Ms. Qin Yangfan; and the independent non-executive Directors are Mr. Lo Wai Hung, Mr. Ji Jiaming and Mr. Yuan Kejian.