China New City Group Limited
中國新城市集團有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock code: 1321)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2026	2025	Change
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	
Revenue	**366,407**	366,307	0.0%
Gross profit	**94,236**	77,089	22.2%
Profit/(loss) for the Period	**88,191**	(39,448)	
Profit/(loss) attributable to owners of the parent	**92,723**	(35,522)	
Earnings/(loss) per share attributable to ordinary equity holders of the parent – Basic and diluted	**RMB5.03 cents**	RMB(1.77) cents	

	As at 30 June 2026	As at 31 December 2025	Change
	RMB'000	*RMB'000*	
	(Unaudited)	(Audited)	
Total assets	**12,538,467**	12,955,520	-3.2%
Net assets	**4,671,666**	4,578,407	2.0%
Net asset value per share	**RMB2.53**	RMB2.48	2.0%

The board (the "**Board**") of directors (the "**Directors**") of China New City Group Limited (the "**Company**") is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2026 (the "**Period**"), together with the comparative figures for the six months ended 30 June 2025.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

	Notes	**2026** ***RMB'000*** **(Unaudited)**	2025 *RMB'000* (Unaudited)
REVENUE	*4*	**366,407**	366,307
Cost of sales		**(272,171)**	(289,218)
Gross profit		**94,236**	77,089
Other income and gains	*4*	**47,800**	174,232
Selling and distribution costs		**(41,836)**	(53,587)
Administrative expenses		**(38,059)**	(45,165)
Other expenses		**(14,732)**	(79,080)
Finance costs		**(135,159)**	(97,642)
Share of profits and losses of associates		**27,603**	–
Changes in fair value of investment properties		**263,999**	(8,600)
PROFIT/(LOSS) BEFORE TAX	*5*	**203,852**	(32,753)
Income tax expense	*6*	**(115,661)**	(6,695)
PROFIT/(LOSS) FOR THE PERIOD		**88,191**	(39,448)
Attributable to:			
Owners of the parent		**92,723**	(35,522)
Non-controlling interests		**(4,532)**	(3,926)
		88,191	(39,448)
Earnings/(loss) per share attributable to equity holders of the parent			
Basic and diluted	*7*	**RMB5.03 cents**	RMB(1.77) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit/(Loss) for the period	**88,191**	(39,448)
Other comprehensive income		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	**18,115**	(7,613)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**18,115**	(7,613)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(12,773)**	(12,467)
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**–**	(21,879)
Income tax effect	**–**	5,470
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(12,773)**	(28,876)
Other comprehensive income/(loss) for the period, net of tax	**5,342**	(36,489)
Total comprehensive income/(loss) for the period	**93,533**	(75,937)
Attributable to:		
Owners of the parent	**98,065**	(72,011)
Non-controlling interests	**(4,532)**	(3,926)
	93,533	(75,937)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

	Notes	**30 June 2026** **RMB'000** **(Unaudited)**	31 December 2025 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property and equipment		**2,044,294**	2,099,852
Investment properties		**5,662,100**	4,997,100
Properties under development		**447,990**	444,573
Right-of-use assets		**48,007**	7,170
Long term prepayments		**41,538**	41,962
Investments in associates		**688,208**	677,605
Deferred tax assets		**57,326**	55,573
Restricted cash		**–**	105,000
Total non-current assets		**8,989,463**	8,428,835
CURRENT ASSETS			
Completed properties held for sale		**1,938,997**	2,968,681
Inventories		**23,232**	23,593
Trade receivables	*9*	**19,836**	18,853
Prepayments, other receivables and other assets		**248,307**	233,520
Amounts due from a related company		**1,132,711**	1,093,521
Financial assets at fair value through profit or loss		**34**	36
Restricted cash		**451**	116,247
Cash and cash equivalents		**185,436**	65,334
Investment properties classified as held for sale		**–**	6,900
Total current assets		**3,549,004**	4,526,685
CURRENT LIABILITIES			
Trade payables	*10*	**82,638**	914,643
Other payables and accruals		**365,130**	317,361
Contract liabilities		**191,079**	356,200
Amounts due to related companies		**28,437**	33,929
Interest-bearing bank and other borrowings		**278,150**	267,766
Lease liabilities		**44,503**	5,270
Tax payable		**1,060,909**	1,013,526
Total current liabilities		**2,050,846**	2,908,695
NET CURRENT ASSETS		**1,498,158**	1,617,990
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,487,621**	10,046,825

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

	Notes	**30 June 2026 RMB'000 (Unaudited)**	31 December 2025 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**5,072,179**	4,789,473
Deferred tax liabilities		**736,690**	668,065
Lease liabilities		**7,086**	10,880
Total non-current liabilities		**5,815,955**	5,468,418
NET ASSETS		**4,671,666**	4,578,407
EQUITY			
Equity attributable to owners of the parent			
Share capital		**145,035**	145,035
Reserves		**4,468,817**	4,370,752
		4,613,852	4,515,787
Non-controlling interests		**57,814**	62,620
TOTAL EQUITY		**4,671,666**	4,578,407

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

1. Corporate information

CHINA NEW CITY GROUP LIMITED (the "**Company**") is a limited liability company incorporated as an exempted company in the Cayman Islands on 2 July 2013 under the Companies Act of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "**Group**") were members of Zhong An Group Limited ("**Zhong An**") and its subsidiaries ("**Zhong An Group**"). Zhong An, the shares of which are listing on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") is the intermediate holding company of Zhong An Group.

The Group is principally engaged in commercial property development, leasing and hotel operations.

In the opinion of the directors (the "**Directors**"), the ultimate holding company of the Company is New Whole Good Limited, a company incorporated in the British Virgin Islands on 3 June 2025.

2. Basis of preparation and accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual financial information for the year ended 31 December 2025, except for the adoption of the following amended IFRS Accounting Standard for the first time for the current period's financial information.

Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7

3. Operating segment information

For management purposes, the Group is organised into business units based on income derived from business and has four reportable operating segments as follows:

(a) the commercial property development segment develops and sells commercial properties in Chinese mainland and Japan;

(b) the property rental segment leases investment properties in Chinese mainland;

(c) the hotel operations segment owns and operates hotels; and

(d) the "others" segment comprises the Group's project management business and other business that the Group involve in.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit/loss before tax from continuing operations except that interest income and finance costs are excluded from the measurement.

Segment assets exclude deferred tax assets, restricted cash, cash and cash equivalents, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2026 and 2025, respectively:

Six months ended 30 June 2026 (unaudited)	Commercial property development RMB'000	Property rental RMB'000	Hotel operations RMB'000	Other services RMB'000	Total RMB'000
Segment revenue					
Sales to external customers	**209,487**	**65,128**	**79,210**	**12,582**	**366,407**
Intersegment sales	**–**	**–**	**–**	**–**	**–**
Total segment revenue	**209,487**	**65,128**	**79,210**	**12,582**	**366,407**
Reconciliation:					
Elimination of intersegment sales					**–**
Revenue from operations					**366,407**
Segment results	**54,927**	**297,424**	**(41,920)**	**2,271**	**312,702**
Reconciliation:					
Interest income					**26,309**
Finance costs					**(135,159)**
Profit before tax					**203,852**
Other segment information					
Share of profits of associates	**–**	**–**	**–**	**27,603**	**27,603**
Impairment losses recognized in the statement of profit or loss	**–**	**–**	**10,280**	**275**	**10,555**
Depreciation and amortisation	**2,999**	**11,538**	**35,365**	**4,995**	**54,897**
Capital expenditure	**919**	**5,473**	**32**	**627**	**7,051**

Six months ended 30 June 2025 (unaudited)	Commercial property development *RMB'000*	Property rental *RMB'000*	Hotel operations *RMB'000*	Other services *RMB'000*	Total *RMB'000*
Segment revenue					
Sales to external customers	175,269	64,896	99,181	26,961	366,307
Intersegment sales	–	1,643	–	519	2,162
Total segment revenue	175,269	66,539	99,181	27,480	368,469
Reconciliation:					
Elimination of intersegment sales					(2,162)
Revenue from operations					366,307
Segment results	(19,071)	12,049	(20,646)	76,145	48,477
Reconciliation:					
Interest income					16,412
Finance costs					(97,642)
Loss before tax					(32,753)
Other segment information					
Impairment losses recognized in the statement of profit or loss	–	–	23,398	49,492	72,890
Depreciation and amortisation	4,575	2,909	39,412	13,467	60,363
Capital expenditure	–	11,142	6,712	13,162	31,016

The following tables present segment assets and liability information of the Group's operating segments as at 30 June 2026 and 31 December 2025, respectively:

As at 30 June 2026 (unaudited)	**Commercial property development** *RMB'000*	**Property rental** *RMB'000*	**Hotel operations** *RMB'000*	**Other services** *RMB'000*	**Total** *RMB'000*
Segment assets	**6,122,119**	**5,826,494**	**1,639,839**	**777,509**	**14,365,961**
Reconciliation:					
Elimination of intersegment receivables					**(2,136,186)**
Corporate and other unallocated assets					**308,692**
Total assets					**12,538,467**
Segment liabilities	**457,101**	**1,545,973**	**378,449**	**473,536**	**2,855,059**
Reconciliation:					
Elimination of intersegment payables					**(2,136,186)**
Corporate and other unallocated liabilities					**7,147,928**
Total liabilities					**7,866,801**

As at 31 December 2025 (audited)	Commercial property development *RMB'000*	Property rental *RMB'000*	Hotel operations *RMB'000*	Other services *RMB'000*	Total *RMB'000*
Segment assets	7,208,630	5,146,611	1,670,702	975,559	15,001,502
Reconciliation:					
Elimination of intersegment receivables					(2,237,882)
Corporate and other unallocated assets					191,900
Total assets					12,955,520
Segment liabilities	1,344,313	1,529,839	358,096	643,917	3,876,165
Reconciliation:					
Elimination of intersegment payables					(2,237,882)
Corporate and other unallocated liabilities					6,738,830
Total liabilities					8,377,113

Geographical Information

(a) Revenue from external customers

Revenue

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Chinese mainland	**366,407**	366,307

The revenue information above is based on the locations of the customers.

(b) Non-current assets

Non-current assets

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Chinese mainland	**8,875,834**	8,313,977
Others	**56,303**	59,285
Total	**8,932,137**	8,373,262

The non-current assets information above are based on the locations of the assets and exclude deferred tax assets.

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the six months ended 30 June 2026 and 2025.

4. Revenue, other income and gains

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**301,279**	301,411
Revenue from other sources		
Gross rental income from investment property operating leases	**65,128**	64,896
Total	**366,407**	366,307

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2026

Segments	**Commercial property development**	**Hotel operations**	**Other services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Types of goods or services				
Sale of properties	**209,487**	**–**	**–**	**209,487**
Hotel operating income	**–**	**79,210**	**–**	**79,210**
Other services	**–**	**–**	**12,582**	**12,582**
Total	**209,487**	**79,210**	**12,582**	**301,279**
Timing of revenue recognition				
At a point in time	**209,487**	**79,210**	**–**	**288,697**
Over time	**–**	**–**	**12,582**	**12,582**
Total	**209,487**	**79,210**	**12,582**	**301,279**

For the six months ended 30 June 2025

Segments	Commercial property development *RMB'000* (Unaudited)	Hotel operations *RMB'000* (Unaudited)	Other services *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Types of goods or services				
Sale of properties	175,269	–	–	175,269
Hotel operating income	–	99,181	–	99,181
Other services	–	–	26,961	26,961
Total	175,269	99,181	26,961	301,411
Timing of revenue recognition				
At a point in time	175,269	99,181	–	274,450
Over time	–	–	26,961	26,961
Total	175,269	99,181	26,961	301,411

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Subsidy income (a)	**574**	570
Interest income	**26,309**	16,412
Others	**2,186**	3,852
Sub-total	**29,069**	20,834
Gains		
Gain on remeasurement of investments in an associate	**–**	153,398
Gain on disposal of investment properties	**16,940**	–
Gain on disposal of right-of-use assets	**1,791**	–
Sub-total	**18,731**	153,398
Total	**47,800**	174,232

(a) There are no unfulfilled conditions or contingencies relating to these grants.

5. Profit/(loss) before tax

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of properties sold/adjusted	**618,011**	175,036
Depreciation of property and equipment	**52,020**	57,275
Depreciation of right-of-use assets	**2,877**	3,088
Lease payments not included in the measurement of lease liabilities	**680**	1,763
Staff costs including directors' and chief executive's remuneration:		
– Salaries and other staff costs	**33,688**	35,057
– Pension scheme contributions*	**6,546**	7,183
Foreign exchange differences, net	**3,505**	8
Direct operating expenses (including repairs and maintenance arising on rental-earning investment properties)	**1,977**	3,115
Fair value (gain)/loss, net:		
Changes in fair value of investment properties	**(263,999)**	8,600
Loss on disposal of items of property and equipment**	**33**	16
Loss on disposal of subsidiaries**	**–**	3,537
(Gain)/loss on disposal of right-of-use assets	**(1,791)**	216
Gain on remeasurement of investments in an associate	**–**	(153,398)
Impairment provision for financial assets**	**–**	48,367
Impairment provision for property and equipment**	**10,555**	24,186
Impairment provision for right-of-use assets**	**–**	337

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

** Included in "Other expenses" in the condensed consolidated statement of profit or loss.

6. Income tax expense

The Group's subsidiaries incorporated in Hong Kong were not liable for income tax as they did not have any assessable profits currently arising in Hong Kong during the period (six months ended 30 June 2025: Nil).

The provision for the PRC income tax has been provided at the applicable income tax rate of 25% (six months ended 30 June 2025: 25%) on the assessable profits of the Group's subsidiaries in Chinese mainland.

The PRC land appreciation tax ("**LAT**") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. Prior to the actual cash settlement of the LAT liabilities, the LAT liabilities are subject to the final review/approval by the tax authorities.

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
PRC income tax for the period	**12,172**	14,306
PRC LAT for the period	**36,617**	6,006
Deferred tax	**66,872**	(13,617)
Total tax charge for the period	**115,661**	6,695

7. Earnings/(loss) per share attributable to ordinary equity holders of the parent

The calculation of the basic earnings/(loss) per share is based on the earnings for the period attributable to ordinary equity holders of the parent of RMB92,723,000 (six months ended 30 June 2025: the loss RMB35,522,000) and the weighted average number of ordinary shares of 1,844,023,117 (six months ended 30 June 2025: 2,010,768,000) outstanding during the period, as adjusted to reflect the rights issued during the period.

The calculation of the basic earnings per share is based on:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Earnings/(loss)		
Earnings/(loss) attributable to ordinary equity holders of the parent	**92,723**	(35,522)

	Number of shares	
	2026	2025
Shares		
Weighted average number of ordinary shares outstanding during the period	**1,844,023,117**	2,010,768,000

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2026 (six months ended 30 June 2025: Nil).

8. Dividends

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

9. Trade receivables

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Within six months	**9,917**	15,527
Over six months but within one year	**8,032**	1,638
Over one year but within two years	**1,887**	1,688
Total	**19,836**	18,853

10. Trade payables

An ageing analysis of the Group's trade payables as at the end of the reporting period, based on the payment due dates, is as follows:

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Within six months	**59,808**	616,919
Over six months but within one year	**22,830**	275,006
Over one year but within two years	**–**	20,778
Over two years but within three years	**–**	1,940
Total	**82,638**	914,643

The above balances are unsecured and interest-free and are normally settled based on the progress of construction. Certain suppliers have alleged claims against the Group relating to construction and services contracts, which have been adequately accrued and included in the above construction payables.

11. Commitments

The Group had the following commitments for property development expenditure at the end of the reporting period:

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Contracted, but not provided for:		
Properties under development	**168,834**	167,419

12. Contingent liabilities

Mortgage facilities granted by banks

The Group provided guarantees in respect of the mortgage facilities granted by certain banks to the purchasers of the Group's properties. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee periods commence from the dates of grant of the relevant mortgage loans and end after the execution of individual purchasers' collateral agreements.

The Group did not incur any material losses during the reporting period in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's properties. The directors consider that in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Guarantees given to banks for:		
Mortgage facilities granted to purchasers of the Group's properties	**3,110**	3,821

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is a large-scale enterprise integrating commercial development and operation, hotel management, film and television, education, cultural tourism and other industries, underpinned by ample commercial property resources with its sector layout spanning across the country. Bolstered by its forward-looking strategic vision and operating concepts that keep abreast of the times, the Group has now developed into a remarkable comprehensive commercial property operator in the Yangtze River Delta Region. It has been recognised as, among others, a "China's Top Ten Commercial Property Developer", "China Top 100 Commercial Property Enterprises", "China's Outstanding Real Estate Urban Renewal Enterprises" and "China's Top 10 Commercial Property Companies in Brand Value".

BUSINESS REVIEW

Focusing on the four major business segments of industrial property development, commercial operations, hotel management, and industrial investment as its core, the Group also diversifies its business layout further in other emerging industries such as industrial services, rural cultural tourism, wholesale of agricultural products with intelligent approaches, film and television education, and digital health. As such, a "golden circle" with strong synergy and circulation effects has been formed successfully between different segments. Over the years, the Group has always adhered to prudent operations and continued to improve operating efficiency leveraging on its diversified industrial layout backed by strong urban development and operation services and industrial resource integration capabilities. For the Period, the Group's consolidated revenue was approximately RMB366 million, broadly in line with the corresponding period of last year; gross profit was approximately RMB94 million, representing a year-on-year increase of approximately 22.2%. The gross profit margin for the Period was approximately 25.7%, representing an increase of approximately 4.7 percentage points as compared to the corresponding period of last year. For the Period, the profit attributable to owners of the parent amounted to approximately RMB92.7 million, as compared to a loss attributable to owners of the parent of approximately RMB35.5 million for the corresponding period of last year. The turnaround from loss to profit was mainly attributable to a fair value gain on the Group's investment properties upon revaluation during the Period of approximately RMB264.0 million, as compared to a fair value loss on the Group's investment properties of approximately RMB8.6 million recorded in the corresponding period of the last year. As at 30 June 2026, the Group's total equity was approximately RMB4,672 million. The carrying amount of cash was approximately RMB186 million.

POLICIES AND OUTLOOK

In the first half of 2026, the real estate market of the People's Republic of China (the "**PRC**") continued to operate under the overarching policy goal of "stabilizing the real estate market". In the 2026 Government Work Report, the State Council revised its policy statement from "continuing efforts to promote the real estate market to stop declining and stabilize" to "striving to stabilize the real estate market", articulating a clear policy direction to "control new supply, reduce inventory, and optimize supply". During the Period, localities continued to implement "city-specific policies", promoting the acquisition of existing commercial properties for use as affordable housing, deepening reforms of the housing provident fund system, and accelerating the industry's inventory reduction. Signs of stabilization emerged in the real estate markets of certain major cities, with the combined transaction volume of the primary and secondary markets trending towards stability. However, structural divergence among cities and among segments remained pronounced, and inventory pressure persisted.

Looking ahead to the second half of 2026, policies are expected to continue to focus on further "reducing inventory" and "optimizing supply." The scale of special-purpose bond-funded acquisition by local government is likely to expand, and the monetized resettlement for urban village redevelopment will continue to advance. At the same time, housing policies, together with population and fertility policies, will emerge as a medium to long-term direction. The implementation of measures such as "strengthening housing protection for first-marriage and first-child families, and supporting the improved housing needs of families with multiple children" are expected to deliver marginal incremental demand for the market.

With continued policy support, real estate markets in certain cities have shown signs of bottoming out and recovery. However, the underlying supply-demand realignment is still ongoing. The restoration of homebuyer confidence and steady improvement in broader economic conditions remain key to a full market recovery. The real estate market is expected to remain in a state of bottoming-out and recovery.

Against a backdrop of industry divergence and structural realignment, the Group, anchored in Hangzhou and deeply rooted in the Yangtze River Delta region, will adhere to a prudent management ethos, ensuring financial solidity and efficient resource integration, and vigorously pursue business innovation. Within the existing property market, we will explore innovative development paradigms to adeptly navigate market fluctuations, maintaining the Group's leading position in the competitive landscape.

DEVELOPMENT OF MAJOR PROJECTS

Hangzhou, Zhejiang Province

International Office Centre (IOC)

IOC is a large-scale integrated commercial complex located in Qianjiang Century City (錢江世紀城), Xiaoshan District, Hangzhou, comprising serviced apartments, shopping malls and offices. The total site area of Plot A for the project is 92,610 sq.m. and planned total GFA is 798,795 sq.m.. The project is constructed in three phases, consisting of Plots A1, A2 and A3, among which, Plot A3 was completed in 2015, comprising serviced apartments, shops and underground car parking spaces with a total GFA of approximately 327,996 sq.m.. Plot A3 had been sold out apart from a few units and car parking spaces. The construction of Plot A2 was commenced in 2019 with a total GFA of approximately 263,555 sq.m.. The sales volume of Plot A2 was within expectation during the Period.

Long Ying Hui Jin Zuo (Bin He Yin)

It is located in Beigan Technology Innovation Park, Xiaoshan District, Hangzhou, and consists of large flat floors and shops, with a total floor area of approximately 12,819 sq.m., and a total GFA of approximately 44,867 sq.m., and is for commercial purpose. The construction of the project was commenced in the fourth quarter of 2021 and the pre-sale was started in the third quarter of 2022, which was completed in 2024. The sales volume of this project was within expectation and as at the date of this announcement, this project has been substantially sold out apart from a few car parking spaces.

FINANCIAL REVIEW

Sales Review

For the Period, the recognized sales of properties sold and delivered were approximately RMB209,487,000 (six months ended 30 June 2025: approximately RMB175,269,000). A total of the recognized GFA of properties delivered was approximately 8,546 sq.m. (six months ended 30 June 2025: approximately 10,415 sq.m.).

Projects	**Region**	**Recognised amount** *RMB' million*	**Recognised GFA sold** *sq.m.*
	Zhejiang		
International Office Centre (IOC) A2	Hangzhou	132.8	2,886
Hidden Dragon Bay	Hangzhou	36.8	2,958
Fashion Color City	Hangzhou	30.8	2,195
Long Ying Hui Jin Zuo (Bin He Yin)	Hangzhou	7.6	323
Cixi New City	Cixi	1.3	184
Others	Hangzhou	0.2	–
		209.5	8,546

Contracted Sales

The contracted sales area of the Group was approximately 18,000 sq.m. for the Period (six months ended 30 June 2025: approximately 14,981 sq.m.) and contracted sales revenue was approximately RMB181,602,000 for the Period (six months ended 30 June 2025: approximately RMB326,848,000). Details of the contracted sales of the major projects are as below:

Projects	**Region**	**Contracted amount** *RMB' million*	**Contracted GFA sold** *sq.m.*
	Zhejiang		
Xinnongdu	Hangzhou	92.7	15,643
International Office Centre (IOC) A2	Hangzhou	67.8	1,735
International Office Centre (IOC) A3	Hangzhou	19.6	622
Others	Hangzhou/Yuyao	1.5	–
		181.6	18,000

Hotel Management

As at the date of this announcement, there are four hotels under the management of the Group, namely, Holiday Inn Hangzhou Xiaoshan, Qiandao Lake Bright Resort Hotel, Ningbo Bright Hotel and Huaibei Bright Hotel. During the Period, the Group recorded a revenue of approximately RMB79,210,000 (six months ended 30 June 2025: approximately RMB99,181,000) from hotel management, representing a decrease of approximately RMB19,971,000 during the Period, which was mainly attributable to the decrease in occupancy rate to approximately 59% (six months ended 30 June 2025: approximately 60%) due to the weak market, and a decrease in catering income.

Commercial Operation

The commercial operation income of the Group mainly comes from the leasing income of Hangzhou Xiaoshan Zhong An Square, International Office Centre (IOC), Yiwu Zhong An Square and Yuyao Zhong An Square with types of business including offices, shopping malls and community commercial complexes. The total revenue from commercial operation for the Period was approximately RMB65,128,000, representing an increase of approximately RMB232,000 (six months ended 30 June 2025: approximately RMB64,896,000). The average occupancy rate of leasing properties was approximately 80% (six months ended 30 June 2025: approximately 80%). The growth in total revenue from commercial operations during the Period was primarily driven by revenue generation from the newly added commercial projects.

Land Reserve

As at 30 June 2026, the total GFA of land reserves held for development and/or sale of the Group was approximately 3,632,790 sq.m. (as at 31 December 2025: approximately 3,656,980 sq.m.).

REVENUE

The consolidated revenue of the Group amounted to approximately RMB366,407,000 for the Period, representing an increase of approximately RMB100,000 when compared with the same period in 2025, mainly due to an increase of approximately RMB34,218,000 in the property sales business when compared with the same period in 2025, while revenue from hotel management business decreased by approximately RMB19,971,000 when compared with the same period in 2025, and revenue from other services decreased by approximately RMB14,379,000 when compared with the same period in 2025.

GROSS PROFIT

The consolidated gross profit of the Group for the Period amounted to approximately RMB94,236,000, representing an increase of approximately RMB17,147,000 or 22.2% when compared with the same period in 2025. The consolidated gross profit margin was approximately 25.7%, representing an increase of approximately 4.7 percentage points when compared with the same period in 2025. The increase in consolidated gross profit was mainly due to the increase in revenue from property sales and gross profit margin during the Period.

OTHER INCOME AND GAINS

The other income and gains of the Group amounted to approximately RMB47,800,000 during the Period, representing a decrease of approximately RMB126,432,000 or 72.6% when compared with the same period in 2025. The decrease was mainly due to the excess of the Group's share of the net fair value of the identifiable net assets of an associate over the cost of the investment amounting to approximately RMB153,398,000 in the corresponding period of 2025, whereas no such gain was recorded during the Period.

SELLING AND DISTRIBUTION EXPENSES

The selling and distribution expenses of the Group amounted to approximately RMB41,836,000 during the Period, representing a decrease of approximately RMB11,751,000 or 21.9% when compared with the same period in 2025, which was mainly attributable to the further improvement in the Group's costs control efficiency as a result of the Group's effective implementation of cost management strategies.

ADMINISTRATIVE EXPENSES

The administrative expenses of the Group amounted to approximately RMB38,059,000 during the Period, representing a decrease of approximately RMB7,106,000 or 15.7% when compared with the same period in 2025, which was mainly attributable to the further improvement in the Group's costs control efficiency as a result of the Group's effective implementation of cost management strategies.

OTHER EXPENSES

The other expenses of the Group amounted to approximately RMB14,732,000 during the Period, representing a decrease of approximately RMB64,348,000 or 81.4% when compared with the same period in 2025, which was mainly due to the absence of the one-off full impairment loss on financial assets recorded in the corresponding period of 2025.

FINANCE COSTS

The finance costs of the Group amounted to approximately RMB135,159,000 for the Period, representing an increase of approximately RMB37,517,000 or 38.4% when compared with the same period in 2025, which was mainly due to the increase in loan balance during the Period resulting in higher interest expenses and a decrease in capitalization of interest expense during the Period.

PROFIT FOR THE PERIOD

The Group recorded a profit of approximately RMB88,191,000 for the Period, compared with a loss of approximately RMB39,448,000 for the same period in 2025. The turnaround from loss to profit for the Period was mainly due to the fair value gain on the Group's investment properties upon revaluation during the Period of approximately RMB263,999,000, as compared to a fair value loss on the Group's investment properties of approximately RMB8,600,000 recorded in the same period in 2025.

CAPITAL EXPENDITURE

The Group's capital expenditure requirements mainly relate to additions of its property and equipment. The Group spent approximately RMB7,051,000 on property and equipment during the Period (six months ended 30 June 2025: RMB31,016,000).

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments during the Period.

CAPITAL STRUCTURE

As at 30 June 2026, the Group had aggregate cash and cash equivalents and restricted cash of approximately RMB185,887,000 (as at 31 December 2025: approximately RMB286,581,000). The current ratio (as measured by current assets to current liabilities) as at 30 June 2026 was 1.73 (as at 31 December 2025: 1.56).

As at 30 June 2026, the bank loans and other borrowings of the Group repayable within one year and after one year were approximately RMB278,150,000 and approximately RMB5,072,179,000, respectively (as at 31 December 2025: approximately RMB267,766,000 and approximately RMB4,789,473,000 respectively). As at 30 June 2026, certain bank and other borrowings amounting to approximately RMB1,278,690,000 bear interest at fixed rates (as at 31 December 2025: certain bank and other borrowings amounting to approximately RMB1,208,018,000 bear interest at fixed rates), and all other bank loans bear interest at floating rates.

As at 30 June 2026, the Group's gearing ratio was 55% (as at 31 December 2025: 58%), which is net debt divided by capital plus net debt. Net debt includes interest-bearing bank and other borrowings, trade payables, other payables and accruals, and lease liabilities, less cash and cash equivalents. Capital represents equity attributable to owners of the parent.

PLEDGE OF ASSETS

As at 30 June 2026, the Group's bank borrowings and other borrowings of approximately RMB5,350,329,000 (as at 31 December 2025: approximately RMB5,057,239,000) were secured by the Group's pledge of assets as follows:

	As at 30 June 2026 ***RMB'000***	As at 31 December 2025 *RMB'000*
Property and equipment	**1,833,427**	1,465,331
Investment properties	**4,887,930**	4,012,236
Completed properties held for sale	**1,152,026**	2,409,878
Restricted cash	**–**	105,000
	7,873,383	7,992,445

FOREIGN EXCHANGE RISK AND TREASURY POLICIES

Foreign exchange risk represents the risk to the Group's financial conditions and results of operations arising from fluctuations of foreign exchange rate. The Group principally operates in the PRC and the revenue, operating cost and borrowings were mainly denominated in RMB. As a result, the Group has minimal exposure to exchange rate fluctuation. The interest rates for the Group's borrowings were both floating and fixed. Upward fluctuations in interest rates will increase the cost of borrowings.

The Group adopts conservative treasury policies in cash and financial management. Cash is generally placed in short-term deposits mostly denominated in RMB. The Group does not use any financial instruments for hedging purpose for the Period.

GUARANTEES AND CONTINGENT LIABILITIES

As at 30 June 2026, the Group's contingent liabilities were approximately RMB3,110,000 (as at 31 December 2025: approximately RMB3,821,000), which were mainly the guarantees provided by the Group in favour of certain banks for the grant of mortgage loans to purchasers of the Group's properties.

CAPITAL COMMITMENTS

As at 30 June 2026, the Group's capital commitments for property development expenditures amounted to approximately RMB168,834,000 (as at 31 December 2025: approximately RMB167,419,000). It is expected that the Group will finance such capital commitments from its own funds and bank loans.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2026, the Group had 942 employees (as at 31 December 2025: 1,003). The employees' remuneration policy was determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and performance of the employees. The Group conducts performance appraisal once every year for its employees, the results of which are applied in annual salary review and promotion assessment. The Group's employees are considered for the entitlement of annual bonus according to certain performance conditions and appraisal results. The Group also provides continuous learning and training programmes to its employees to enhance their skills and knowledge, so as to maintain and enhance their competitiveness.

STRATEGIES

The management has developed sound strategies to overcome the challenges and address the uncertainties faced by the Group, including formulating effective marketing strategies and plans, and improving the quality of our products and services to consolidate our brand. The Group will put more effort in formulating new policies, guidelines, systems and processes to facilitate effective cost management, risk management, internal control and sustainable environmental management to enhance management standards and corporate governance standards. For growth strategies, the Group will focus on identifying possible acquisitions with future development prospects and profitability to improve the returns on assets. The Group will further emphasize on investor relations management, and continue to convey clearly the operation vision, business updates and future development strategies of the Group and other information to various stakeholders through press conferences, roadshows, media delegation visits and one-on-one analyst or investor interview and otherwise strive for the recognition and support from various stakeholders and obtain more resources for business development and maximizing shareholders' value.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Employees, customers and suppliers are the key stakeholders who affect the sustainability of our business. Engaging with those stakeholders will not only help us understand the possible risks and opportunities to our business, but also mitigate risk and seize the opportunities in the real market.

The Group believes that our people are crucial for the Group's success and competitiveness in the market. As such, we had adopted a share option scheme on 20 May 2015 for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the Group's operations. The share option scheme expired on 19 May 2025, and no new share option scheme has been adopted as at the date of this announcement. The Group continues to explore appropriate mechanisms to align employees' interests with its long-term growth and remains committed to recognising and rewarding contributions from its people.

Customer satisfaction with our services and products has profound effects on our profitability. Our dedicated sales team constantly communicates with our customers and potential customers to uncover and fulfill their needs and help customers make informed decisions. Grasping the market trend is the key for the Group to timely adjust our operating strategies to meet the market demands.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2026 and up to the date of this announcement.

ENVIRONMENT POLICIES AND PERFORMANCE

As a responsible corporation, the Group is committed to protecting the environment in the areas where we operate and ensuring that environmental standards set by the government are consistently met.

We have closely monitored our projects at different stages to ensure that the construction process is in compliance with laws and regulations related to environment protection and safety. The Group endeavors to manage its project operations by working with suppliers and contractors to ensure that they understand the importance of environmental protection, pollution prevention and waste reduction. We also encourage all our employees to be more environmentally conscious.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the Period (six months ended 30 June 2025: Nil).

AUDIT COMMITTEE

The Audit Committee of the Company (comprising all the independent non-executive Directors) had reviewed the unaudited consolidated interim results of the Group for the Period, and reviewed and discussed with the management of the Group regarding the accounting standards and practices adopted by the Group, and the internal controls and financial reporting matters.

Ernst & Young, the external auditor of the Company, had reviewed the unaudited consolidated interim results of the Group for the Period in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period, the Company and its subsidiaries did not purchase, sell or redeem any of the Company's shares on the Stock Exchange (six months ended 30 June 2025: Nil).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding the Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules.

The Company has made specific enquiry of all Directors and all Directors have confirmed that they have complied with the required standards set out in the Model Code during the Period and up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has adopted, in so far as they are applicable, the principles and the code provisions set out in the Corporate Governance Code in Appendix C1 to the Listing Rules (the "**CG Code**"). The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the CG Code during the Period and up to the date of this announcement.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT ON THE WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE

This announcement is published on the websites of the Company (www.chinanewcity.com.cn) and the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the Period containing the relevant information required under the Listing Rules will be published on the above websites and despatched to the Company's shareholders in due course.

By order of the Board
China New City Group Limited
Shi Zhongan
Chairperson

The People's Republic of China, 20 August 2026

As at the date of this announcement, the board of directors of the Company comprises Mr Shi Nanlu, Mr Jin Jianrong and Ms Chen Jing, as executive directors of the Company; Mr Shi Zhongan as non-executive director of the Company; and Mr Xu Chengfa, Mr Lam Yau Yiu and Mr Yuan Yuan, as independent non-executive directors of the Company.