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)

2026 INTERIM REPORT

CONTENTS

INTERIM RESULTS

The Board of Directors (the "**Board**") of New City Development Group Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2026 (the "**Period**") with the comparative figures for the corresponding period in 2025 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*5*	**7,316**	28,312
Cost of goods sold and services provided		**(6,759)**	(2,750)
Gross profit		**557**	25,562
Other income	*6*	**24**	435
Other (losses)/gains, net	*7*	**(3,951)**	(7,546)
Administrative and other operating expenses		**(27,175)**	(31,467)
Loss from operations		**(30,545)**	(13,016)
Finance costs	*8*	**(123,771)**	(2,254)
Loss before tax		**(154,316)**	(15,270)
Income tax expenses	*9*	**–**	–
Loss for the Period	*10*	**(154,316)**	(15,270)
Loss for the period attributable to:			
Owners of the Company		**(93,930)**	(5,409)
Non-controlling interests		**(60,386)**	(9,861)
		(154,316)	(15,270)
Loss per share (HK cents)			
Basic	*12(a)*	**(48.75) cents**	(3.97) cents
Diluted	*12(b)*	**(48.75) cents**	(3.97) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the Period	**(154,316)**	(15,270)
Other comprehensive income for the Period, net of tax:		
Item that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**8,610**	(37,803)
Total comprehensive income for the Period	**(145,706)**	(53,073)
Total comprehensive expense for the period attributable to:		
Owners of the Company	**(87,347)**	(45,726)
Non-controlling interests	**(58,359)**	(7,347)
	(145,706)	(53,073)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	30 June 2026 (Unaudited) HK$'000	31 December 2025 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**23,427**	36,603
Investment properties	14	**565,843**	545,391
Deferred tax assets		**46,160**	46,160
		635,430	628,154
CURRENT ASSETS			
Financial assets at fair value through profit or loss ("FVTPL")	15	**36,640**	41,323
Properties under development and held for sale		**517,825**	484,601
Prepayments, deposits and other receivables	16	**369,026**	308,418
Amounts due from related parties		**28**	194
Cash and bank balances		**5,571**	2,889
		929,090	837,425
CURRENT LIABILITIES			
Accruals and other payables		**444,189**	188,198
Deposits received		**23**	23
Borrowings	17	**416,693**	402,415
Lease liabilities		**–**	–
Amounts due to non-controlling shareholders		**4,950**	5,112
Amounts due to related parties		**42,644**	59,779
Amounts due to a director		**14,028**	15,054
		922,527	670,581

	Notes	30 June 2026 (Unaudited) HK$'000	31 December 2025 (Audited) HK$'000
NET CURRENT ASSETS		**6,563**	166,844
TOTAL ASSETS LESS CURRENT LIABILITIES		**641,993**	794,998
NON-CURRENT LIABILITIES			
Accruals and other payables		**557,729**	575,373
Borrowings	*17*	**–**	–
Deferred tax liabilities		**119,992**	119,992
		677,721	695,365
NET ASSETS		**(35,728)**	99,633
Capital and reserve			
Equity attributable to owners of the Company			
Share capital	*18*	**42,846**	37,316
Reserves		**39,616**	122,148
		82,462	159,464
Non-controlling interests		**(118,190)**	(59,831)
TOTAL EQUITY		**(35,728)**	99,633

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to owners of the Company									
	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000*	Translation reserve *HK$'000*	Fair value reserve *HK$'000*	Statutory reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2025 (audited)	23,449	600,011	4,755	(125,506)	–	18,604	(193,372)	327,941	(54,533)	273,408
Issuance of new shares	6,825	–	–	–	–	–	–	6,825	–	6,825
Total comprehensive income for the Period	–	–	–	(5,906)	–	–	(39,819)	(45,725)	(7,347)	(53,072)
At 30 June 2025 (unaudited)	30,274	600,011	4,755	(131,412)	–	18,604	(233,191)	289,039	(61,880)	227,161
At 1 January 2026 (audited)	**37,316**	**619,875**	**4,755**	**(116,675)**	**-**	**18,604**	**(404,411)**	**159,464**	**(59,831)**	**99,633**
Issuance of new shares	**5,530**	**4,815**	**-**	**-**	**-**	**-**	**-**	**10,345**	**-**	**10,345**
Total comprehensive income for the Period	**-**	**-**	**-**	**6,587**	**-**	**-**	**(93,934)**	**(87,347)**	**(58,395)**	**(145,706)**
At 30 June 2026 (unaudited)	**42,846**	**624,690**	**4,755**	**(110,088)**	**-**	**18,604**	**(498,345)**	**82,462**	**(118,190)**	**(35,728)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
NET CASH GENERATED FROM OPERATING ACTIVITIES	**(5,126)**	9,167
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(64)**	(1,002)
Interest received	**10**	348
NET CASH USED IN INVESTING ACTIVITIES	**(54)**	(654)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	**–**	(2,700)
Principal elements of lease payment	**–**	(27)
Interest paid	**–**	–
Issuance of new shares	**10,345**	–
NET CASH USED IN FINANCING ACTIVITIES	**10,345**	(2,727)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**5,165**	5,786
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**2,889**	8,459
Effect of foreign exchange rate changes	**(2,483)**	(4,140)
CASH AND CASH EQUIVALENTS AT 30 JUNE	**5,571**	10,105
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**5,571**	10,105

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1. CORPORATE INFORMATION

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

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

The condensed consolidated financial statements of the Group for the six months ended 30 June 2026 (the "**Condensed Consolidated Financial Statements**") have not been audited or reviewed by the Company's auditor but reviewed by the Audit Committee and approved for issue by the Board on 31 August 2026.

2. BASIS OF PREPARATION

The Condensed Consolidated Financial Statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Other than changes in accounting policies resulting from application of amendments to HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards ("**HKFRS**"), Hong Kong Accounting Standards ("**HKAS**") and Interpretations), the accounting policies and methods of computation used in the Condensed Consolidated Financial Statements of the Group for the six months ended 30 June 2026 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2025.

In the current period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's Condensed Consolidated Financial Statements:

Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these Condensed Consolidated Financial Statements.

4. OPERATING SEGMENT INFORMATION

The Group is engaged in property development and investment in PRC and retail and consumer spending related businesses operation. Accordingly, there are two reportable segments of the Group.

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

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

Information about reportable segment profit or loss, assets and liabilities:

	Property development and investment	Retail and consumer spending related businesses operation and related	Total
	HK$'000	*HK$'000*	*HK$'000*
Six months ended 30 June 2026			
Revenue from external customers (unaudited)	**1,210**	**6,106**	**7,316**
Segment profit /loss (unaudited)	**732**	**(175)**	**557**
As at 30 June 2026			
Segment assets (unaudited)	**1,094,022**	**12,986**	**1,107,008**
Segment liabilities (unaudited)	**940,753**	**3,523**	**944,276**
Six months ended 30 June 2025			
Revenue from external customers (unaudited)	28,312	–	28,312
Segment profit (unaudited)	25,562	–	25,562
As at 31 December 2025			
Segment assets (audited)	1,052,705	12,528	1,065,233
Segment liabilities (audited)	781,552	14,434	795,986

Reconciliations of segment profit or loss:

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit or loss		
Total profit of reportable segments	**557**	25,562
Other income	**24**	435
Other (losses)/gains, net	**(3,951)**	(7,546)
Administrative and other operating expenses	**(27,175)**	(31,467)
Finance costs	**(123,771)**	(2,254)
Consolidated loss before tax	**(154,316)**	(15,270)

Reconciliations of segment assets or liabilities:

	30 June	31 December
	2026	2025
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Assets		
Total assets of reportable segments	**1,107,008**	1,065,233
Property, plant and equipment	**87**	1,362
Deferred tax assets	**46,160**	46,160
Financial assets at FVTPL	**36,640**	41,323
Prepayments, deposits and other receivables	**369,026**	308,418
Amounts due from related parties	**28**	194
Cash and bank balances	**5,571**	2,889
Consolidated total assets	**1,564,520**	1,465,579

	30 June 2026	31 December 2025
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Liabilities		
Total liabilities of reportable segments	**944,276**	795,986
Accruals and other payables	**474,358**	370,023
Lease liabilities	**–**	–
Amounts due to non-controlling shareholders	**4,950**	5,112
Amounts due to related parties	**42,644**	59,779
Amount due to a director	**14,028**	15,054
Deferred tax liabilities	**119,992**	119,992
Consolidated total liabilities	**1,600,248**	1,365,946

Geographical information

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

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

5. REVENUE

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

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Services transferred over time		
Related management service income	**1,210**	28,312
Construction materials supply chain income	**6,106**	–
Revenue from other sources:		
Rental income from investment properties	**–**	–
	7,316	28,312

6. OTHER INCOME

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income	**24**	435
Other income	**–**	–
	24	435

7. OTHER (LOSSES)/GAINS, NET

	2026 *HK$'000*	2025 *HK$'000*
Fair value (loss)/gain on financial assets at FVTPL	**(3,092)**	(12,709)
Net foreign exchange loss	**(859)**	5,163
	(3,951)	(7,546)

8. FINANCE COSTS

	Six months ended 30 June	
	2026 **(Unaudited)** ***HK$'000***	2025 (Unaudited) *HK$'000*
Interest on bank borrowings	**123,771**	2,252
Interest on lease liabilities	**–**	2
	123,771	2,254

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax:		
PRC	**–**	–

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong for the six months ended 30 June 2026 and 2025.

Taxes on profits in respect of the Group's companies operating elsewhere have been calculated at the rates of tax prevailing in the respective tax countries/jurisdictions in which they operate based on existing legislation, interpretations and practices in respect thereof.

10. LOSS FOR THE PERIOD

The Group's loss for the Period has been arrived at after charging:

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**285**	2,114
Depreciation of right-of-use assets	**–**	–

11. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the Period (2025: Nil).

12. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss		
Loss attributable to owner of the Company used in the basic loss per share calculation	**(93,930)**	(5,409)

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares used in the basic loss per share calculation	**214,228,885**	138,245,044

(b) Diluted loss per share

No adjustment has been made to the basic loss per share for six months ended 30 June 2026 in respect of a dilution because there were no potentially dilutive events existed (2025: Nil).

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group had additions of property, plant and equipment of approximately HK$63,763 (six-month period ended 30 June 2025: approximately HK$16,250).

14. INVESTMENT PROPERTIES

	Properties at fair value *HK$'000*	Properties at cost *HK$'000*	Total *HK$'000*
Completed project			
Carrying amount at 1 January 2026 (audited)	**477,761**	**–**	**477,761**
Exchange differences	**16,952**	**–**	**16,952**
Carrying amount at 30 June 2026 (unaudited)	**494,713**	**–**	**494,713**
Incomplete project			
Carrying amount at 1 January 2026 (audited)	**–**	**67,630**	**67,630**
Exchange differences	**–**	**3,500**	**3,500**
Carrying amount at 30 June 2026 (unaudited)	**–**	**71,130**	**71,130**
Aggregate carrying amount			
Investment properties in Guangzhou *(note (a) and note (b))*	**494,713**	**–**	**494,713**
Investment properties in Luoyang *(note (c))*	**–**	**71,130**	**71,130**
At 30 June 2026 (unaudited)	**494,713**	**71,130**	**565,843**
Investment properties in Guangzhou *(note (a) and note (b))*	477,761	–	477,761
Investment properties in Luoyang *(note (c))*	–	67,630	67,630
At 31 December 2025 (audited)	477,761	67,630	545,391

Notes:

(a) Investment properties in Guangzhou (the "**Guangzhou Properties 1**") are situated at Nos. 20-22 Chigang West Road, Haizhu District, Guangzhou City, Guangdong Province, the PRC and are held under medium term leases. The Guangzhou Properties 1 were leased to tenants under operating leases for earning rental income and management service income and were stated at fair value at the end of the reporting period.

As at 30 June 2026, the Guangzhou Properties 1 with carrying amount of approximately HK$ 449,007,000 (31 December 2025: HK$433,621,500) were pledged to secure bank borrowings, details of which are set out in note 17 to the Unaudited Condensed Consolidated Financial Statements.

The Guangzhou Properties 1 have been included within the scope of acquisition for the government rehabilitation project in New Central Axis Haizhu Section. The acquisition compensation plan is now under negotiation with the relevant authorities. Subsequent developments will be disclosed in a timely manner.

(b) Investment properties in Guangzhou (the "**Guangzhou Properties 2**") are situated at Nos. 186-256 Niuzaichengheng Road, Xintang Town, Zengcheng District, Guangzhou City, Guangdong Province, the PRC and are held under medium term leases. The Guangzhou Properties 2 were leased to tenants under operating leases for earning rental income and management service income and were stated at fair value at the end of the reporting period.

As at 30 June 2026, the carrying amount of Guangzhou Properties 2 was approximately HK$45,707,000(31 December 2025: HK$44,140,000).

(c) On 26 July 2017, the Group replied and explained that the delay of the construction of the Luoyang Properties was due to the changing of land policy by the Luoyang government. The Group expected to commence work at the end of 2017.

On 5 December 2017, the Group submitted a construction plan of the Luoyang Properties to 洛陽市城鄉規劃局 ("**洛陽規劃局**"). After reviewed by 洛陽規劃局, the Group was instructed to modify certain aspects of the construction plan. On 23 June 2018, the Group has been further instructed by 洛陽新區中央商務區規劃建設辦公室 to submit a revised construction plan to 洛陽市城鄉一體化示範區商務中心區辦公室 for approval and the document was submitted on 17 July 2018.

In September 2024, seizing the chance on the recent personnel adjustment of the governing team in Luoyang, our team submitted an application to the local government for changing the project land use to a mixed commercial and residential use.

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

As at 30 June 2025, the Group continues to actively engage with the relevant government authorities, awaiting the official approval necessary to commence the project.

As at 30 June 2026, the Luoyang Properties with carrying amount of approximately HK$56,389,090 (31 December 2025: HK$67,630,000) were pledged to secure bank borrowings, details of which are set out in note 17 to the Unaudited Condensed Consolidated Financial Statements.

15. FINANCIAL ASSETS AT FVTPL

	30 June 2026 (Unaudited) ***HK$'000***	31 December 2025 (Audited) *HK$'000*
Listed equity investment, at market value in Taiwan	**36,640**	41,323

The fair value of the equity investment as of 30 June 2026 was determined based on the quoted market bid price (level 1 fair value measurement) available on The Taiwan Stock Exchange.

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2026 (Unaudited) ***HK$'000***	31 December 2025 (Audited) *HK$'000*
Prepayments		
– Prepaid for the Luoyang Properties *(note (a))*	**7,250**	7,009
– Prepaid for the Zhuhai Properties *(note (b))*	**313,248**	276,533
– Others	**40,221**	31,489
Less: Impairment loss on prepayments *(note (b))*	**(24,737)**	(24,737)
	335,982	290,294
Deposits held by		
– 新澳中世紀國際貿易(北京)有限公司 *(note (c))*	**20,000**	20,000
– Others	**993**	993
Other receivables		
– Others *(note (d))*	**65,811**	50,891
Less: Loss allowance for deposits and other receivables	**(53,760)**	(53,760)
	33,044	18,124
	369,026	308,418

Notes:

(a) As at 30 June 2026, an aggregate amount of approximately RMB6,297,000 (equivalent to approximately HK7,249,736) (31 December 2025: RMB6,304,000 (equivalent to approximately HK$7,009,417)) has been prepaid by the Group to the construction of Luoyang Properties.

(b) As at 30 June 2026, an aggregate amount of approximately RMB297,140,000 (equivalent to approximately HK$342,098,000) (31 December 2025: RMB248,715,000 (equivalent to approximately HK$276,533,000)) has been prepaid by the Group to the construction of Zhuhai Properties.

(c) Deposits of HK$20,000,000 has been paid to 新澳中世紀國際貿易(北京)有限公司 as escrow monies for the due diligence exercise on the exploration of project investment opportunity in the near future.

(d) Included in the other receivables, there were:

Approximately HK$20,000,000 has been paid for the project development for the "New Life Everyday, New City" theme concept. The amount would be refundable if the project does not proceed.

Approximately HK$30,000,000 has been paid for the renovation of 暢流 project. The amount would be refundable if the project does not proceed.

17. BORROWINGS

	Effective interest rate (%)	Maturity	30 June 2026 (Unaudited) HK$'000	31 December 2025 (Audited) HK$'000
Bank loan 1 *(note (a))*	7.483%	2026	**416,693**	402,415
			416,693	402,415
Repayable:				
– Within one year or on demand			**416,693**	402,415
– In the second to fifth years, inclusive			**–**	–
– Over five years			**–**	–
Total			**–**	–
Less: repayable after six months and classified as non-current liabilities			**–**	–
Repayable within twelve months and classified as current liabilities			**416,693**	402,415

Notes:

(a) On 9 October 2020, Zhuhai Teng Shun entered into a loan agreement with Bank of Guangzhou Co., Ltd. ("**GZBANK**"), pursuant to which, GZBANK agreed to grant a loan (the "**GZBANK Loan**") in the amount of approximately RMB98,932,000 (equivalent to approximately HK$109,023,000) and RMB80,000,000 (equivalent to HK$88,160,000) on 12 November 2020 and 8 December 2020 respectively to Zhuhai Teng Shun for a term of 5 years, which is secured by legal charges over the Luoyang Properties, Zhuhai Properties and entire issued share capital of Zhuhai Teng Shun and Luoyang Wan Heng, corporate guarantee provided by Guangdong Changliu, Guangdong Changyang Investment Company Limited* (廣東暢揚投資股份有限公司) ("**Guangdong Changyang**") and non-controlling shareholders, personal guarantee provided by Mr. Han and a legal representative of a subsidiary and a key management personnel of a related company. The GZBANK Loan bears interest rate from 7.033% to 7.153%, 3.65% of the benchmark annual lending and deposit rate of the People's Bank of China, which is repayable on a monthly basis. The principal amount of the GZBANK Loan is repayable by instalments starting from 24th month from the first withdrawal date or the 6th month after the project obtains the first time presale certificate, which is earlier, and will mature on 12 November 2025. On 8 May 2025, the maturity date was extended to 20 November 2026. Certain principal and interest under the borrowings are overdue. The corresponding default interest and liquidated damages have been accrued. Zhuhai Tengshun is in active discussions with GZBANK to negotiate extensions to the loan repayment schedule.

On 20 February 2021, subject to the terms of the above mentioned loan agreement with GZBANK, GZBANK granted a further loan in the amount of RMB80,000,000 (equivalent to approximately HK$88,160,000) to Zhuhai Teng Shun for a term of 49 months. The principal amount of the GZBANK Loan is repayable once on the maturity date and matured on 20 March 2025. On 8 May 2025, the maturity date was extended to 20 November 2026. Certain principal and interest under the borrowings are overdue. The corresponding default interest and liquidated damages have been accrued. Zhuhai Tengshun is in active discussions with GZBANK to negotiate extensions to the loan repayment schedule.

On 20 May 2021, subject to the terms of the above mentioned loan agreement with GZBANK, GZBANK granted a further loan in the amount of RMB160,000,000 (equivalent to approximately HK$195,920,000) to Zhuhai Teng Shun for a term of 48 months. The principal amount of the GZBANK Loan is repayable once on the maturity date and matured on 19 May 2025. On 8 May 2025, the maturity date was extended to 20 November 2026. Certain principal and interest under the borrowings are overdue. The corresponding default interest and liquidated damages have been accrued. Zhuhai Tengshun is in active discussions with GZBANK to negotiate extensions to the loan repayment schedule.

* *English for identification purpose*

18. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Authorised:		
Ordinary shares of HK$0.20 each		
At 1 January 2025, 31 December 2025 and 1 January 2026 (audited)	**2,000,000,000**	**400,000**
At 30 June 2026 (unaudited)	**2,000,000,000**	**400,000**
Ordinary shares of HK$0.20 each		
At 1 January 2025, 31 December 2025 and 1 January 2026 (audited)	**186,579,885**	**37,316**
Issuance of new shares *(note)*	**27,649,000**	**5,530**
At 30 June 2026 (unaudited)	**214,228,885**	**42,846**

Note:

On 4 May 2026, the Company entered into a subscription agreement with an independent third party for the allotment and issue of 27,649,000 new ordinary shares of HK$0.20 each at a subscription price of HK$0.385 per share under the general mandate granted to the directors of the Company, raising net proceeds of approximately HK$10,345,000, of which approximately HK$5,530,000 and HK$4,815,000 were credited to share capital and share premium, respectively.

19. CONTINGENT LIABILITIES

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

The first case has been made by 廣州市增城區人民法院 (Zengcheng People's Court*) ("**Zengcheng Court**") that the Group has been adjudicated to pay the plaintiffs approximately RMB57 million (the "**Judgment Sum**").

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

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

* *English for identification purpose*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded a revenue of approximately HK$7,316,000 and recorded a loss after tax of approximately HK$154,316,000 for the six months ended 30 June 2026.

CONTINUING CONNECTED TRANSACTIONS

On 13 May 2026, new tenancy agreements (the "**New Tenancy Agreements**") were respectively entered into (i) between New Rank Services Limited (a wholly-owned subsidiary of the Company) as tenant and Winrich Investments Limited as landlord for leasing of the office premises; (ii) between New Rank Services Limited as tenant and Goldrich Investments Limited as landlord for leasing of the office premises and car parking space; and (iii) between New Rank Services Limited as tenant and Jiacheng Jiaxin International Property Management (Hong Kong) Limited as landlord for leasing of the staff quarter and car parking space. The New Tenancy Agreements are for a term of one year commencing from 1 June 2026. All of Winrich Investments Limited, Goldrich Investments Limited and Jiacheng Jiaxin International Property Management (Hong Kong) Limited are companies indirectly wholly-owned by an associate of a connected person of the Company, and therefore the transactions contemplated under the New Tenancy Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

OUTLOOK AND PROSPECT

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

Rental and Property Management Business in Guangzhou

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

Retail and Consumer Spending Related Businesses, PRC

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

Investment Properties in Luoyang

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

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

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

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

As at 30 June 2026, the Group continues to actively engage with the relevant government authorities, awaiting the official approval necessary to commence the project.

Property Development in Zhuhai

The development of Zhuhai property is part of the Group's commercial property development projects in Great Bay Area that was scheduled in year 2020. In 2025, taking into account the adjustment of the property market environment in the PRC, the Group is monitoring the pace of development of the property market and will then decide on the next steps and development for that project. Our Group holds an optimistic attitude towards the long-term real estate market in China, but we will also not overlook market dynamics and will pay attention to the same in making the most favorable commercial decisions for our Company.

OTHERS

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

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

Net Proceeds Utilisation

Reference is made to the announcements of the Company dated 4 May 2026, 5 May 2026 and 22 May 2026. The Company has completed the subscription of 27,649,000 ordinary Shares by a subscriber who is an independent third party of the Company. After deducting relevant expenses, the net proceeds received by the Company from the subscription amount to approximately HK$10,345,000.

As at 30 June 2026, the Company has utilised approximately HK$7,400,000 of the net proceeds as general working capital of the Company, comprising office expenses of approximately HK$2,770,000, repayment of director's loans of HK$3,800,000 and professional fees of approximately HK$830,000. The unutilised balance of the net proceeds is approximately HK$2,945,000, which will continue to be used as general working capital of the Company and is expected to be fully utilised by the end of 2026. The utilisation of the net proceeds from the subscription is consistent with the intended utilisation as disclosed in the announcements of the Company.

FINANCIAL REVIEW

During the Period under review, the Group has revenue and loss for the Period amounted to approximately HK$7,316,000 and HK$154,316,000 respectively, whereas the Group had revenue and loss for the first half of 2025 were approximately HK$28,312,000 and approximately HK$15,269,000 respectively. Basic loss per share for six months ended 30 June 2026 was HK48.75 cents (basic loss per share for six months ended 30 June 2025 was HK3.97 cents).

DIVIDENDS

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

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING REQUIREMENTS

As at 30 June 2026, the Group's total assets were approximately HK$1,564,520,000 (31 December 2025: HK$1,465,579,000) and total liabilities were approximately HK$1,600,248,000 (31 December 2025: HK$1,365,946,000). As at 30 June 2026, the cash and bank balances was approximately HK$5,571,000 (31 December 2025: HK$2,889,000) and the current ratio (current assets/current liabilities) was 1.01 as at 30 June 2026 (31 December 2025: 1.25).

GEARING RATIO

The gearing ratio (debt/capital and net debt) was 94.7% as at 30 June 2026 (31 December 2025: 89.2%).

EXCHANGE RISKS

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

CAPITAL STRUCTURE

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

PLEDGE OF ASSETS

As at 30 June 2026, the Group's investment properties were pledged to secure bank borrowings.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed above, the Company did not have any significant investments or material acquisitions and disposals for the six months ended 30 June 2026.

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

Neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 June 2026.

CONTINGENT LIABILITIES

Details of the contingent liabilities were set out in note 19 to this report.

COMMITMENT

The Group did not have any commitment as at 30 June 2026.

OTHER INFORMATION

CORPORATE GOVERNANCE

During the six months ended 30 June 2026, the Company has complied with all the code provisions ("**Code Provisions**") as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), save for the deviations listed below:

- The Chairman of the Company is also the chief executive officer of the Company, which deviates from Code Provision C.2.1 which provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. As the current nature of the Group's business is not complicated, the Board considers that the current structure is sufficient for monitoring and controlling the operation of the Group. The Company will review its structure from time to time and will make corresponding arrangements to observe the provisions of the Listing Rules whenever necessary.

- According to Article 87(1) of the Articles of Association, since the Chairman of the Board, whilst holding such office, is not subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year, Code Provision B.2 is deviated. The Chairman plays an essential role in the growth and development of the Group. At present, the Chairman's continuing presence in the Board is important to assure sustainable development of the Group. Given the importance of the Chairman's role, the Board considers that the relevant article in the Articles of Association has no material impact on the operation of the Group as a whole.

EMPLOYEES

As at 30 June 2026, the Group has employed about 46 (2025: 46) employees in Hong Kong and the PRC. The Group adopts a competitive remuneration package for its employees. Remuneration packages are reviewed annually with reference to the then prevailing market employment practices and legislation.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2026, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the Chief Executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") were as follows:

Long position in the shares and underlying shares of the Company

Name of Director	Capacity/nature of interests	Number of shares and underlying shares held	Approximate % of shareholding
Han Junran	Interest of controlled corporation	37,733,255[(1)]	17.61
	Beneficial owner	48,752,487	22.76

Note:

(1) Junyi Investments Limited (a company wholly-owned by Mr. Han Junran) held 37,733,255 Shares, representing 17.61% of the issued share capital. For the purposes of the SFO, Mr. Han Junran was deemed to be interested in the 37,733,255 Shares held by Junyi Investments Limited.

Save as disclosed above, as at 30 June 2026, none of the Directors or Chief Executive of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTEREST IN SHARES AND UNDERLYING SHARES

So far as is known to any Directors or Chief Executive of the Company, as at 30 June 2026, other than the interests and short positions of the Directors or Chief Executive of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long position in the shares of the Company

Name	Capacity	Number of shares and underlying shares held	Approximate %* of shareholding
Junyi Investments Limited (note 1)	Beneficial owner	37,733,255[(1)]	17.61
Qilu International Funds SPC (acting for and on behalf of Zhongtai Dingfeng Classified Fund SP) (note 2 & 3)	Person having a security interest	86,485,742	40.37
Zhongtai International Asset Management Limited (note 2 & 3)	Investment manager	86,485,742	40.37
Lai Wing Lun (notes 3 & 4)	Agent	86,485,742	40.37
Osman Mohammed Arab (notes 3 & 4)	Agent	86,485,742	40.37

Notes:

(1) Junyi Investments Limited, a company incorporated with limited liability in the British Virgin Islands, is wholly-owned by Mr. Han Junran who is an Executive Director of the Company.

(2) The security interest of the 86,485,742 shares of the Company is held by Qilu International Funds SPC (acting for and on behalf of Zhongtai Dingfeng Classified Fund SP), an investment fund managed by Zhongtai International Asset Management Limited.

(3) The information disclosed is based on the disclosure of interest notices filed by these substantial shareholders of the Company respectively.

(4) The Company had been notified that on 8 January 2026, Osman Mohammed Arab and Lai Wing Lun of Acclime Corporate Advisory (Hong Kong) Limited were appointed as joint and several receivers and managers over 86,485,742 shares of the Company pursuant to two Share Charges dated 4 May 2018 and 25 July 2019 created by Junyi Investments Limited and Han Junran respectively in favour of Qilu International Funds SPC acting for and on behalf of Zhongtai Dingfeng Classified Fund SP.

* The percentage represents the number of shares of the Company divided by the number of the Company's issued shares as at 30 June 2026.

Save as disclosed above, as at 30 June 2026, there was no other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. Having made specific enquiry of the Directors, all Directors have confirmed that they had complied with the Code throughout the six months ended 30 June 2026.

AUDIT COMMITTEE

The Audit Committee comprises three members who are independent non-executive directors namely Mr. Wong Kan Wai, Mr. Wong Pak Wing and Mr. Lam Chi Cheung Albert. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal controls and the Condensed Consolidated Financial Statements for the six months ended 30 June 2026.

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

Hong Kong, 31 August 2026