China Uptown Group Company Limited
中國上城集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2330)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "Board") of directors (the "Directors") of China Uptown Group Company Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2019 (the "Year").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	NOTES	**2019** *RMB'000*	2018 *RMB'000*
Revenue	*3*	**804,898**	90,251
Cost of sales		**(624,556)**	(74,627)
Gross profit		**180,342**	15,624
Other income	*5*	**722**	413
Fair value change on investment properties		**(4,044)**	(4,853)
Fair value change on financial asset at fair value through profit or loss		**(9)**	(6)
Selling and marketing expenses		**(5,331)**	(6,445)
Administrative expenses		**(31,618)**	(31,299)
Finance costs		**(1,101)**	(2,798)
Profit (loss) before taxation		**138,961**	(29,364)
Income tax expense	*6*	**(54,603)**	(6,656)
Profit (loss) for the year	*7*	**84,358**	(36,020)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

For the year ended 31 December 2019

	NOTE	2019 RMB'000	2018 RMB'000
Profit (loss) for the year attributable to:			
Owners of the Company		**74,184**	(34,461)
Non-controlling interests		**10,174**	(1,559)
		84,358	(36,020)
Earnings (losses) per share (in RMB cents)	*9*		
– Basic		**4.07**	(2.16)
– Diluted		**4.07**	(2.16)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
	RMB'000	*RMB'000*
Profit (loss) for the year	**84,358**	(36,020)
Other comprehensive income (expense)		
Item that will not be reclassified to profit or loss:		
Exchange differences arising on translation of functional currency to presentation currency	**2,555**	9,482
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations	**(2,335)**	(11,802)
	220	(2,320)
Total comprehensive income (expense) for the year	**84,578**	(38,340)
Total comprehensive income (expense) attributable to:		
Owners of the Company	**74,404**	(36,781)
Non-controlling interests	**10,174**	(1,559)
	84,578	(38,340)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	NOTES	2019 RMB'000	2018 RMB'000
Non-current Assets			
Investment properties		**84,918**	88,962
Property, plant and equipment		**18,373**	19,051
Right-of-use assets		**1,573**	–
		104,864	108,013
Current Assets			
Inventories		**22,742**	–
Properties held for sale		**806,611**	1,311,519
Deposits, other receivables and prepayments	*10*	**118,864**	10,875
Financial asset at fair value through profit or loss		**12**	21
Tax recoverable		**34,683**	6,512
Restricted bank deposit		**896**	8,169
Pledged bank deposits		**31,285**	38,085
Bank balances and cash		**63,528**	52,422
		1,078,621	1,427,603
Current Liabilities			
Trade and other payables	*11*	**98,290**	71,455
Contract liabilities		**255,620**	766,958
Loan payables		**14,389**	33,225
Lease liabilities – current portion		**1,228**	–
Amounts due to non-controlling interests		**15,994**	–
Amount due to a director		**3,139**	2,862
Tax payable		**63,489**	–
Secured bank borrowings		**1,776**	11,776
		453,925	886,276
Net Current Assets		**624,696**	541,327
Total Assets Less Current Liabilities		**729,560**	649,340
Non-current Liabilities			
Lease liabilities – non-current portion		**384**	–
Deferred tax liabilities		**40,599**	55,841
		40,983	55,841
Net Assets		**688,577**	593,499

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2019

	2019	2018
	RMB'000	*RMB'000*
Capital and Reserves		
Share capital	**161,569**	161,569
Reserves	**469,857**	395,453
Equity attributable to owners of the Company	**631,426**	557,022
Non-controlling interests	**57,151**	36,477
Total Equity	**688,577**	593,499

NOTES:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial asset at fair value through profit or loss ("FVTPL"), which are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 *Leases*

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months and low-value assets of the date of initial application.

On transition, after considering the above practical expedients, the Group is not required to make any adjustments upon application of HKFRS 16 as there is no material impact to the Group.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

(a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 January 2019. However, effective 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

(b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. In the opinion of the directors of the Company, the discounting on such refundable rental deposits received had no material impact on the consolidated financial statements, thus no adjustment was made as at 1 January 2019.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and interpretations that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

3 Effective for annual periods beginning on or after a date to be determined

4 Effective for annual periods beginning on or after 1 January 2020

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

Except as described below, the directors of the Company anticipate that the application of other new and amendments to HKFRSs and interpretations will have no material impact on the results and the financial position of the Group in the foreseeable future.

Amendments to HKAS 1 and HKAS 8 *Definition of Material*

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and
- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;

- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;

- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;

- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and

- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

3. REVENUE

(i) Disaggregation of revenue from contracts with customers

An analysis of the Group's revenue arising from the People's Republic of China (the "PRC") and Hong Kong for the year is as follows:

	2019	2018
	RMB'000	*RMB'000*
Arising from the PRC		
Sales of properties – a point in time	**754,819**	88,324
Rental income	**1,668**	1,927
Arising from Hong Kong		
Trading of raw cane sugar – a point in time	**48,411**	–
	804,898	90,251

(ii) Performance obligations for contracts with customers

(a) For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts are based on standardised specifications with no alternative use. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedents, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of control of the relevant properties to customers. Revenue from sales of properties is therefore recognised at a point in time when the development of the relevant properties have been completed and the properties have been delivered to the purchasers pursuant to the sale and purchase agreements.

In general, the Group receives 30% of the contract value as receipt in advance from customers when they sign the sale and purchase agreement and remaining 70% of the contract value would be received through the banks by releasing the mortgages to the customers in two to three months after the agreement signing date. Such advance payment schemes result in contract liabilities being recognised throughout the property construction period for the full amount of the contract price.

(b) For trading of raw cane sugar to third party customers, revenue is recognised when control of the goods has been transferred, being at the point the customer obtains the control of the goods. Payment of the transaction price is due according to the payment terms agreed on the sales contracts.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2019 and the expected timing of recognising revenue are as follows:

	2019	2018
	RMB'000	*RMB'000*
Within one year		
– Sales of properties	**235,620**	766,958
– Trading of raw cane sugar	**27,116**	–
	262,736	766,958

(iv) Leases

	2019	2018
	RMB'000	*RMB'000*
For operating leases with respect to investment properties:		
Lease payments that are fixed	**1,668**	1,927

4. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e. the executive directors of the Company) (the "CODM") in order to allocate resources to the segments and assess their performance.

The Group's operating segments under HKFRS 8 *Operating Segments* are identified as the follows:

- Property development and investment: this segment primarily develops and sells office premises, commercial, residential properties and car parking spaces. This segment also generates rental income from investment properties and achieves gain from the appreciation in the properties' values in the long term. All the Group's activities in this segment are carried out in the PRC.

- Trading of raw cane sugar: this segment trades raw cane sugar on a worldwide basis.

Property development and investment and trading of raw cane sugar also represent the Group's reportable segments.

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segment.

For the year ended 31 December 2019

	Property development and investment *RMB'000*	**Trading of raw cane sugar** *RMB'000*	**Total** *RMB'000*
Revenue	**756,487**	**48,411**	**804,898**
Segment profit	**155,459**	**947**	**156,406**
Bank interest income			**515**
Fair value change on financial asset at FVTPL			**(9)**
Finance costs			**(1,101)**
Unallocated corporate expenses			**(16,850)**
Profit before taxation			**138,961**

For the year ended 31 December 2018

	Property development and investment *RMB'000*	Trading of raw cane sugar *RMB'000*	Total *RMB'000*
Revenue	90,251	–	90,251
Segment loss	(9,043)	(2,486)	(11,529)
Bank interest income			413
Fair value change on financial asset at FVTPL			(6)
Finance costs			(2,798)
Unallocated corporate expenses			(15,444)
Loss before taxation			(29,364)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit/loss represents the profit/loss of each segment without allocation of bank interest income, fair value change on financial asset at FVTPL, certain finance costs and unallocated corporate expenses (i.e. central administration costs and directors' emoluments). This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

5. OTHER INCOME

	2019 ***RMB'000***	2018 *RMB'000*
Bank interest income	**515**	413
Other interest income	**207**	–
	722	413

6. INCOME TAX EXPENSE

	2019	2018
	RMB'000	*RMB'000*
Current tax		
PRC Enterprise Income Tax ("EIT")	**49,449**	6,825
PRC Land Appreciation Tax ("LAT")	**20,396**	7,426
	69,845	14,251
Deferred taxation		
Current year	**(15,242)**	(7,595)
	54,603	6,656

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2018 as the Group's income neither arises in, nor is derived from, Hong Kong. No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2019 as the Group's assessable profits were wholly absorbed by tax losses brought forward.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

The provision of PRC LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. PRC LAT has been provided at progressive rates ranging from 30% to 60% on the appreciation of land value, with certain allowable exemptions and deductions.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

7. PROFIT (LOSS) FOR THE YEAR

Profit (loss) for the year has been arrived at after charging:

	2019	2018
	RMB'000	*RMB'000*
Directors' remuneration	**7,903**	7,128
Other staff costs	**4,920**	4,089
Retirement benefits scheme contributions	**774**	609
	13,597	11,826
Auditor's remuneration	**1,190**	1,083
Cost of properties held for sale recognised as expenses (included in cost of sales)	**578,228**	74,627
Cost of raw cane sugar recognised as expenses (included in cost of sales)	**46,328**	–
Net foreign exchange gain	**(12)**	69
Depreciation of property, plant and equipment	**961**	949
Depreciation of right-of-use assets	**810**	–
Operating lease rentals in respect of equipment	**–**	29
Expense related to a short-term lease	**20**	–
Expense related to lease of a lower value asset	**6**	–

8. DIVIDEND

No dividends were declared and proposed by the Company during the years ended 31 December 2019 and 2018, nor has any dividend been proposed since the end of the reporting period.

9. EARNINGS (LOSSES) PER SHARE

The calculations of the basic and dilutive earnings (losses) per share attributable to owners of the Company is based on the following data:

	2019	2018
	RMB'000	*RMB'000*
Earnings (losses)		
Earnings (losses) for the purposes of basic and diluted earnings (losses) per share - profit (loss) for the year attributable to owners of the Company	**74,184**	(34,461)
Number of shares		
Weighted average number of share for the purposes of basic and diluted earnings (losses) per share	**1,824,690,520**	1,598,503,397

The computation of diluted earnings (losses) per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for both years.

10. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	2019 *RMB'000*	2018 *RMB'000*
Other receivables	**14,759**	10,554
Less: impairment loss recognised	**(448)**	(429)
	14,311	10,125
Deposits paid for acquisition of land use rights *(Note)*	**102,460**	–
Deposits and prepayments	**2,093**	750
	118,864	10,875

Note: It represents deposits of RMB102,460,000 placed at Maoming City Public Resources Trading Center*（茂名市公共資源交易中心）in respect of an acquisition of land use rights of a parcel of land situated at JIXIANG-23, Maoming Jixiang District*（茂名市吉祥小區）in the PRC, which the land is used for property development in the next few years. Such deposits would be utilised upon settlement of the remaining contract sum within twelve months from the end of the reporting period and are classified as a current asset.

* The english name is for identification purpose only.

Movements in impairment loss for other receivables are set out as below:

	2019 *RMB'000*	2018 *RMB'000*
At 1 January	**429**	407
Exchange difference	**19**	22
At 31 December	**448**	429

11. TRADE AND OTHER PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade payables	**32,485**	445
Accrued expenditure on construction	**–**	43,192
Receipts in advance *(Note)*	**20,919**	–
Value-added tax payable	**34,750**	18,592
Other tax payables	**2,257**	185
Other payables and accrued charges	**7,879**	9,041
	98,290	71,455

Note: It represents the receipts in advance from one customer which the sale contract was concluded after the end of the reporting period.

Credit periods granted to the Group by suppliers range from 0 to 180 days.

The following is an aging analysis of trade payables, presented based on the invoice date at the end of the reporting period:

	2019	2018
	RMB'000	*RMB'000*
Within 90 days	**32,105**	108
91 – 365 days	**29**	213
Over 365 days	**351**	124
	32,485	445

MANAGEMENT DISCUSSION AND ANALYSIS

The review of the major business segments of the Group during the Year is as follows:

Property Development and Investment

During the Year, the revenue attributed to the property development and investment business amounted to approximately RMB756,487,000 (2018: RMB90,251,000) representing sales of properties of approximately RMB754,819,000 (2018: RMB88,324,000) and rental income of approximately RMB1,668,000 (2018: RMB1,927,000). The Group owns a property development project located in Maoming City (the "Maoming Project"), Guangdong Province, the People's Republic of China (the "PRC"). The Maoming Project has developed into a composite of residential and commercial properties in three phases.

Majority of commercial and residential properties of phase 1 and 2 of the Maoming Project were delivered and recognised as the revenue of the Group in previous years. Phase 3 properties started to be delivered and recognised as sales in December 2018 and continued during the Year. A portion of the commercial properties of phase 1 and 2 of the Maoming Project of approximately 4,000 square meters was leased and classified as investment properties of the Group. Amid the slight decrease in the value of commercial properties in Maoming, during the Year, the fair value of investment properties decreased by approximately RMB4,044,000 (2018: RMB4,853,000).

During the Year, the total area of residential and commercial properties recognised as sales are approximately 87,652 square meters and 887 square meters respectively. 459 units and 122 units of car parking spaces for private car and motorbikes are recognised as sales during the Year respectively. As at 31 December 2019, residential and commercial properties contracted for pre-sale are as follows:

	Percentage *(Note)*
Phase 1 & 2	38%
Phase 3	51%

Note: Refer to the percentage of area of residential and commercial properties contracted for pre-sales over the total unsold area of residential and commercial properties.

Trading of raw cane sugar

The Group has commenced its business in trading of raw cane sugar since late 2014. In 2018, the Group has entered into a master agreement with China Sugar Holdings Limited ("China Sugar") to purchase raw cane sugar from China Sugar for a period of 34 months ending 31 December 2020. With the strong and improved procurement network, supply from China Sugar and management's business experience in raw cane sugar trading, the sugar trading business significantly improved in 2019.

For the Year, revenue from trading of raw cane sugar amounted to approximately RMB48,411,000 (2018: Nil) with a segment profit of approximately RMB947,000 (2018: loss of RMB2,486,000).

The Group has entered into other sales contracts on raw cane sugars with customers to deliver raw cane sugar in 2020 and, despite the outbreak of COVID-19, is optimistic about the trading business.

MARKET OUTLOOK AND PROSPECTS

Amid the trade dispute and tension between the PRC and the United States of America, the global and the PRC economy will remain complicated in 2020. Moreover, following the outbreak of COVID-19 worldwide, the global economy dramatically slowed down.

However, the management is cautiously optimistic about the performance of the Group because of:

i) COVID-19 outbreak in the PRC is generally being controlled;

ii) Coming ease of control on monetary and fiscal policies;

iii) Enormous urbanisation in the PRC; and

iv) Local city transformation and infrastructure development in and around Maoming.

Regarding the existing Maoming Project, as more and more residents are moving into the area, sales campaigns in 2020 and 2021 will be focused on the remaining commercial properties. The management is also considering leasing a larger portion of commercial shops in response to recent short-term downturn of the economy.

The Group has also won in a bid of land use rights in Maoming in November 2019. The land is planned to be developed into a composite of residential properties, commercial properties and carparks with site area of 29,274 square meters and preliminary planned gross floor area of residential and commercial properties of 88,396 square meters. As at the date of this announcement, a remaining sum of RMB89,051,900 is expected to be settled in April 2020 to complete the land acquisition transaction.

Regarding the trading of raw cane sugar business, with the steady supply from China Sugar, the Group is optimistic about the raw cane sugar business in the future. Due to the outbreak of COVID-19, the commodity price of raw cane sugar becomes more volatile. The Group will enter the trading business with extra caution to mitigate any associated risk of sugar pricing.

FINANCIAL REVIEW

For the Year, the Group's revenue is amounted to approximately RMB804,898,000 (2018: RMB90,251,000). The profit attributable to owners of the Company was approximately RMB74,184,000 (2018: loss of RMB34,461,000). The surge of the revenue and profit were mainly due to the delivery and sales recognition of certain properties of phase 3 of the Maoming Project and the increase in the sales of raw cane sugar trading.

As at 31 December 2019, bank balances and cash were approximately RMB63,528,000 (31.12.2018: RMB52,422,000), restricted bank deposit was approximately RMB896,000 (31.12.2018: RMB8,169,000) and pledged bank deposits were approximately RMB31,285,000 (31.12.2018: RMB38,085,000). As at 31 December 2019, the total assets of the Group was approximately RMB1,183,485,000 (31.12.2018: RMB1,535,616,000), representing a decrease of approximately 23%. The decrease was mainly due to the delivery of certain properties of phase 3 of the Maoming Project. As at 31 December 2019, the Group's total secured bank borrowings and loan payables amounted to approximately RMB16,165,000 (31.12.2018: RMB45,001,000). As at 31 December 2019, the gearing ratio, expressed as a percentage of total secured bank borrowings and loan payables over net assets was approximately 2% (31.12.2018: 8%) and the current ratio was approximately 2.4 (31.12.2018: 1.6).

CAPITAL STRUCTURE

The issued ordinary share capital of the Company as at 31 December 2019 was approximately HK$182,469,000 divided into 1,824,690,520 shares of HK$0.10 each.

FOREIGN CURRENCY EXPOSURE

The Group mainly earns revenues and incurs costs in Renminbi, United States dollars and Hong Kong dollars. The Group's monetary assets and liabilities are denominated in Renminbi, United States dollars and Hong Kong dollars. The Group currently does not have a foreign currency hedging policy. However, the management will monitor foreign exchange exposure closely and consider the use of hedging instruments when the need arises.

CHARGE ON ASSETS

As at 31 December 2019, certain of the Group's leasehold land and buildings with an aggregate carrying values of approximately RMB16,128,000 (2018: RMB16,292,000) were pledged to banks for securing general banking facilities granted to certain subsidiaries of the Company.

As at 31 December 2019, restricted bank deposit of RMB896,000 (2018: RMB8,169,000) and pledged bank deposits of RMB31,285,000 (2018: RMB38,085,000) of the Group were pledged to obtain the mortgage facilities provided to certain purchasers of the Group's properties for which guarantees were provided by the Group to the banks.

As at 31 December 2019, banking facilities of approximately RMB1,776,000 (2018: RMB11,776,000) were utilised and approximately RMB17,880,000 (2018: RMB8,780,000) were unutilised and available for the Group's future financing.

SEGMENT INFORMATION

The details of segment information are set out in note 4 of notes to the consolidated financial statements of this announcement.

CAPITAL AND OTHER COMMITMENTS

As at 31 December 2019, the Group had commitments for purchase of land use rights amounted to RMB139,051,900 (2018: Nil).

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2019, the Group employed 44 (2018: 54) full time employees in Hong Kong and the PRC. Total remuneration of the Group for the Year was approximately RMB13,597,000 (2018: RMB11,826,000). The Group's emolument policies are formulated on the basis of market trends, future plans and the performance of individuals, which will be reviewed periodically. Apart from provident fund scheme and state-managed social welfare scheme, share options will also be awarded to employees according to assessment of individuals' performance.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group's maximum obligation in respect of the mortgage facilities provided to certain purchasers of the Group's properties amounted to approximately RMB577,518,000 (2018: RMB632,271,000).

DIVIDEND

No dividend was declared or proposed during the Year. The Board does not recommend the payment of any dividend for the Year.

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

With reference to the announcements of the Company dated 28 November 2019, 20 January 2020 and 23 January 2020 and the circular of the Company dated 24 January 2020, the Group has started processing the acquisition of land use rights in Maoming.

On 27 November 2019, Maoming Shang Cheng Real Estate Company Limited*（茂名上誠置業有限公司）, an indirect non-wholly owned subsidiary of the Company, successfully won the bid of land use rights of a parcel of land situated at JIXIANG-23, Maoming Jixiang District*（茂名市吉祥小區）with a total site area of approximately 29,274.16 square meters offered for a consideration of RMB241,511,900. A deposit of RMB102,460,000 has been transferred before the end of the Year, while a further sum of RMB50,000,000 has been paid in January 2020. The remaining sum of RMB89,051,900 is expected to be settled in April 2020 to complete the land acquisition transaction.

Save as disclosed above, there were no significant investments held as at 31 December 2019 nor material acquisitions and disposals of subsidiaries during the Year and there is no plan for material investments or capital assets as at the date of this announcement.

* *For identification purpose only*

EVENTS AFTER THE REPORTING PERIOD

Due to the outbreak of the COVID-19 in China, the beginning of 2020 is a fluid and challenging situation facing all the industries of the society. In amid the further wide spread of COVID-19 worldwide in March 2020, the uncertainty of global economy further increased. The Group has already assessed the overall impacts of the situation on the operation of the Group and taken all possible effective measures to limit and keep the impacts in control. The Group will continue to monitor the change of situation and make timely response and adjustments in the future.

The Group has issued financial guarantees to banks in relation to the mortgages taken out by the buyers of the Group's properties. The outbreak of the COVID-19 which negatively affected the economy is expected to affect the debtors' ability of mortgage repayment and the decrease in the market value of relevant properties may increase the provision for the related financial guarantees. However, the Directors have carefully considered that the impact of such provision to be minimal. Subject to the development of COVID-19 outbreak and the economy in the PRC, such provision may or may not be required in the future.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions (the "Code Provisions") set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). Throughout the Year, the Company has complied with all the Code Provisions of the CG Code exception for the following deviation:

Code Provision E.1.2

According to the code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. Mr. Liu Feng (the chairman of the Board) could not attend the annual general meeting of the Company held on 29 May 2019 (the "2019 AGM") due to other business engagement but he had appointed Mr. Lau Sai Chung, the executive Director as his representative to chair the 2019 AGM and answer questions of the shareholders of the Company. In the future, the Company will try its best to encourage all the Directors to attend the general meetings of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Company confirms that all Directors have complied with the required standard set out in the Model Code during the Year.

PURCHASE, SALE AND REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with the CG Code. On 1 January 2019, the Board adopted a set of the revised terms of reference of the Audit Committee, which has brought it in line with the new requirement of the Listing Rules. The revised terms of reference setting out the Audit Committee's authority, duties and responsibilities are available on both the websites of the Company and the Stock Exchange. The existing Audit Committee has the following three members:

Independent Non-executive Directors

Mr. Poon Lai Yin Michael (chairman)
Mr. Char Shik Ngor Stephen
Mr. Chen Weijang (appointed on 3 January 2020)
Ms. Li Jiansheng (resigned on 3 January 2020)

The principal responsibilities of the Audit Committee include making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor; reviewing the interim and annual reports and accounts of the Group; and supervising the financial reporting process and effectiveness of the risk management and internal control systems of the Group.

The Audit Committee reviewed and made recommendations to the Board for approval of the consolidated financial statements of the Group for the Year, discussed the accounting policies and practices which may affect the Group with the management and auditor of the Company, reviewed the fees charged by the external auditor and reviewed the effectiveness of risk management and internal control systems of the Group.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the Company's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Company's audited consolidated financial statements for the Year.

The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is available for viewing at the website of the Stock Exchange at www.hkexnews.hk and at the website of the Company at www.chinauptown.com.hk. The annual report for the Year will be dispatched to the shareholders of the Company and published on the above websites as soon as practicable.

By order of the Board
China Uptown Group Company Limited
Fu Lui
Company Secretary

Hong Kong, 31 March 2020

As at the date of this announcement, the Board comprises executive Directors, Mr. Liu Feng, Mr. Chen Xian, Mr. Lau Sai Chung and Mr. Liu Zhongxiang and independent non-executive Directors, Mr. Poon Lai Yin Michael, Mr. Char Shik Ngor Stephen and Mr. Chen Weijiang.