中國上城
CHINA UPTOWN

**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 2020

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 2020 (the "Year").

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 December 2020*

| | *NOTES* | **2020** *RMB'000* | 2019 *RMB'000* |
|---|---|---|---|
| Revenue | *3* | **275,541** | 804,898 |
| Cost of sales | | **(226,537)** | (624,556) |
| Gross profit | | **49,004** | 180,342 |
| Other income | *5* | **1,055** | 722 |
| Impairment losses under expected credit loss ("ECL") model on other receivables | | **(1,236)** | – |
| Fair value change on investment properties | | **(10,518)** | (4,044) |
| Fair value change on financial assets at fair value through profit or loss | | **2,411** | (9) |
| Selling and marketing expenses | | **(2,733)** | (5,331) |
| Administrative expenses | | **(29,861)** | (31,618) |
| Finance costs | | **(830)** | (1,101) |
| Profit before taxation | | **7,292** | 138,961 |
| Income tax expense | *6* | **(14,503)** | (54,603) |
| **(Loss) profit for the year** | *7* | **(7,211)** | 84,358 |

| | NOTE | 2020 RMB'000 | 2019 RMB'000 |
|---|---|---|---|
| (Loss) profit for the year attributable to: | | | |
| Owners of the Company | | **(7,775)** | 74,184 |
| Non-controlling interests | | **564** | 10,174 |
| | | **(7,211)** | 84,358 |
| | | | (Restated) |
| (Loss) earnings per share (in RMB cents) | *9* | | |
| – Basic | | **(4.26)** | 40.66 |
| – Diluted | | **(4.26)** | 40.66 |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2020*

| | 2020 | 2019 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| (Loss) profit for the year | **(7,211)** | 84,358 |
| **Other comprehensive (expense) income** | | |
| *Item that will not be reclassified to profit or loss:* | | |
| Exchange differences arising on translation of functional currency to presentation currency | **(1,249)** | 2,555 |
| *Item that may be reclassified subsequently to profit or loss:* | | |
| Exchange differences arising on translation of financial statements of foreign operations | **2,928** | (2,335) |
| | **1,679** | 220 |
| Total comprehensive (expense) income for the year | **(5,532)** | 84,578 |
| Total comprehensive (expense) income attributable to: | | |
| Owners of the Company | **(6,096)** | 74,404 |
| Non-controlling interests | **564** | 10,174 |
| | **(5,532)** | 84,578 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 December 2020*

| | NOTES | 2020 RMB'000 | 2019 RMB'000 |
|---|---|---|---|
| **Non-current Assets** | | | |
| Investment properties | | **74,400** | 84,918 |
| Property, plant and equipment | | **16,643** | 18,373 |
| Right-of-use assets | | **337** | 1,573 |
| | | **91,380** | 104,864 |
| **Current Assets** | | | |
| Inventories | | **–** | 22,742 |
| Properties under development | | **253,395** | – |
| Properties held for sale | | **602,714** | 806,611 |
| Deposits, other receivables and prepayments | *10* | **26,604** | 118,864 |
| Financial assets at fair value through profit or loss | | **6,402** | 12 |
| Tax recoverable | | **26,620** | 34,683 |
| Restricted bank deposit | | **22** | 896 |
| Pledged bank deposits | | **11,486** | 31,285 |
| Bank balances and cash | | **77,848** | 63,528 |
| | | **1,005,091** | 1,078,621 |
| **Current Liabilities** | | | |
| Trade and other payables | *11* | **59,088** | 98,290 |
| Contract liabilities | | **74,154** | 255,620 |
| Loan payables | | **8,420** | 14,389 |
| Lease liabilities – current portion | | **340** | 1,228 |
| Amounts due to non-controlling interests | | **85,000** | 15,994 |
| Amount due to a director | | **6,624** | 3,139 |
| Tax payable | | **72,228** | 63,489 |
| Bank overdrafts | | **4,039** | – |
| Secured bank borrowings | | **9,150** | 1,776 |
| | | **319,043** | 453,925 |
| **Net Current Assets** | | **686,048** | 624,696 |
| **Total Assets Less Current Liabilities** | | **777,428** | 729,560 |

| | 2020 | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Non-current Liabilities** | | |
| Lease liabilities – non-current portion | **21** | 384 |
| Deferred tax liabilities | **34,224** | 40,599 |
| | **34,245** | 40,983 |
| **Net Assets** | **743,183** | 688,577 |
| **Capital and Reserves** | | |
| Share capital | **222,157** | 161,569 |
| Reserves | **463,311** | 469,857 |
| Equity attributable to owners of the Company | **685,468** | 631,426 |
| Non-controlling interests | **57,715** | 57,151 |
| **Total Equity** | **743,183** | 688,577 |

# NOTES:

## 1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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 ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial assets at fair value through profit or loss ("FVTPL"), which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

**Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

| | |
|---|---|
| Amendments to HKAS 1 and HKAS 8 | Definition of Material |
| Amendments to HKFRS 3 | Definition of a Business |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform |

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

**Impacts on application of Amendments to HKAS 1 and HKAS 8 Definition of Material**

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

**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 and the related Amendments[5] |
| Amendment to HKFRS 16 | Covid-19-Related Rent Concessions[4] |
| Amendments to HKFRS 3 | Reference to the Conceptual Framework[3] |
| Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform – Phase 2[1] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2] |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[5] |
| Amendments to HKAS 16 | Property, Plant and Equipment – Proceeds before Intended Use[3] |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract[3] |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2018 – 2020[3] |

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

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

3 Effective for annual periods beginning on or after 1 January 2022

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

5 Effective for annual periods beginning on or after 1 January 2023

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

**Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2**

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 *Interest Rate Benchmark Reform – Phase 2* relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements applying HKFRS 7 *Financial Instruments: Disclosures* to accompany the amendments regarding modifications and hedge accounting.

- **Modification of financial assets, financial liabilities and lease liabilities:** A practical expedient is introduced for modifications required by the reform (modifications required as a direct consequence of the interest rate benchmark reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current HKFRSs requirements. A similar practical expedient is proposed for lessee accounting applying HKFRS 16;

- **Hedge accounting requirements:** Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements; and

- **Disclosures:** The amendments require disclosures in order to allow users to understand the nature and extent of risks arising from the interest rate benchmark reform to which the Group is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from interbank offered rates to alternative benchmark rates, and how the entity is managing this transition.

As at 31 December 2020, the Group has Hong Kong Interbank Offered Rate bank loan which may be subject to interest rate benchmark reform. The Group expects no significant gains or losses should the interest rate benchmark for the loan change resulting from the reform on application of the amendments.

## 3. REVENUE

### (i) Disaggregation of revenue from contracts with customers

An analysis of the Group's revenue arising from the PRC and Hong Kong for the year is as follows:

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| *Arising from the PRC* | | |
| Sales of properties – a point in time | **246,450** | 754,819 |
| Rental income | **1,428** | 1,668 |
| *Arising from Hong Kong* | | |
| Trading of raw cane sugar – a point in time | **27,663** | 48,411 |
| | **275,541** | 804,898 |

### (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 control of the property is transferred to the customer.

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 2020 and the expected timing of recognising revenue are as follows:

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within one year | | |
| – Sales of properties | **74,154** | 235,620 |
| – Trading of raw cane sugar | **–** | 27,116 |
| | **74,154** | 262,736 |

**(iv) Leases**

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| For operating leases with respect to investment properties: | | |
| Lease payments that are fixed | **1,428** | 1,668 |

## 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 2020**

| | **Property development and investment** *RMB'000* | **Trading of raw cane sugar** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|
| Revenue | **247,878** | **27,663** | **275,541** |
| Segment profit | **22,769** | **2,025** | **24,794** |
| Other income | | | **922** |
| Fair value change on financial assets at FVTPL | | | **2,411** |
| Finance costs | | | **(662)** |
| Unallocated corporate expenses | | | **(20,173)** |
| Profit before taxation | | | **7,292** |

**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 |
| Other 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 |

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit of each segment without allocation of certain other income, fair value change on financial assets 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.

**(b) Geographical information**

For the years ended 31 December 2020 and 2019, all of the Group's revenue and assets were derived from customers and operations based in the PRC including Hong Kong (by country of domicile) and accordingly, no further analysis of the Group's geographical information is disclosed.

## 5. OTHER INCOME

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Gain on disposal of a subsidiary | **31** | – |
| Bank interest income | **266** | 515 |
| Government grant *(Note)* | **625** | – |
| Other interest income | **133** | 207 |
| | **1,055** | 722 |

During the current year, the Group received and recognised government grants of Hong Kong Dollar ("HK$") 702,000 (equivalent to RMB625,000) in accordance with the Employment Support Scheme provided by the Hong Kong government.

## 6. INCOME TAX EXPENSE

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Current tax | | |
| Hong Kong | **240** | – |
| PRC EIT | **12,575** | 49,449 |
| PRC LAT | **8,063** | 20,396 |
| | **20,878** | 69,845 |
| Deferred taxation | | |
| Current year | **(6,375)** | (15,242) |
| | **14,503** | 54,603 |

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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.

Provision for Hong Kong Profits Tax has been made for the year ended 31 December 2020 under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

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. (LOSS) PROFIT FOR THE YEAR

(Loss) profit for the year has been arrived at after charging (crediting):

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Directors' remuneration | **7,592** | 7,946 |
| Other staff costs | **6,746** | 4,920 |
| Retirement benefits scheme contributions | **861** | 898 |
| | **15,199** | 13,764 |
| Auditor's remuneration | **1,201** | 1,190 |
| Cost of properties held for sale recognised as expenses (included in cost of sales) | **203,896** | 578,228 |
| Cost of raw cane sugar recognised as expenses (included in cost of sales) | **22,641** | 46,328 |
| Net foreign exchange loss (gain) | **1,054** | (12) |
| Depreciation of property, plant and equipment | **838** | 961 |
| Depreciation of right-of-use assets | **1,210** | 810 |
| Expense related to a short-term lease | **20** | 20 |
| Expense related to lease of a low-value asset | **–** | 6 |

## 8. DIVIDEND

No dividends were declared and proposed by the Company during the years ended 31 December 2020 and 2019, nor has any dividend been proposed since the end of the reporting period.

## 9. (LOSS) EARNINGS PER SHARE

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

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **(Loss) earnings** | | |
| (Loss) earnings for the purposes of basic and diluted (loss) earnings per share – (loss) profit for the year attributable to owners of the Company | **(7,775)** | 74,184 |
| | | (Restated) |
| **Number of shares** | | |
| Weighted average number of share for the purposes of basic and diluted (loss) earnings per share | **182,666,312** | 182,469,052 |

The weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share has been adjusted for the share consolidation effected on 20 October 2020.

The computation of diluted (loss) earnings 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

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Other receivables *(Note 1)* | **24,914** | 14,759 |
| *Less:* impairment losses recognised | **(1,647)** | (448) |
| | **23,267** | 14,311 |
| Deposits paid for acquisition of land use rights *(Note 2)* | **–** | 102,460 |
| Deposits and prepayments | **3,337** | 2,093 |
| | **26,604** | 118,864 |

*Notes:*

(1) It includes loan receivables of RMB10,675,000 extended to the buyers of properties. The amounts are interest-free, unsecured and repayable within twelve months.

(2) It represented 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 the land situated at JIXIANG-23, Maoming Jixiang District*（茂名市吉祥小區）in the PRC which is used for property development in the next few years. Such deposits were utilised upon settlement of the remaining contract sum and transferred to properties under development during the year.

* *The English name is for identification purpose only*

## 11. TRADE AND OTHER PAYABLES

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade payables | **388** | 32,485 |
| Receipts in advance *(Note)* | **–** | 20,919 |
| Value-added tax payable | **41,910** | 34,750 |
| Other tax payables | **3,241** | 2,257 |
| Other payables and accrued charges | **13,549** | 7,879 |
| | **59,088** | 98,290 |

*Note:* It represented the receipts in advance from one customer which the sale contract was concluded after the end of the corresponding 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:

| | **2020** | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 90 days | **388** | 32,105 |
| 91 – 365 days | **–** | 29 |
| Over 365 days | **–** | 351 |
| | **388** | 32,485 |

# 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 RMB247,878,000 (2019: RMB756,487,000) representing sales of properties of approximately RMB246,450,000 (2019: RMB754,819,000) and rental income of approximately RMB1,428,000 (2019: RMB1,668,000). The Group operates two property development projects located in Maoming City, Guangdong Province, the People's Republic of China (the "PRC"). The first Maoming Project has developed into a composite of residential and commercial properties in three phases (the "First Maoming Project"). Majority of commercial and residential properties of Phase 1 and 2 of the First Maoming Project were delivered and recognised as the revenue of the Group in previous years. Phase 3 properties were started to be delivered and recognised as sales in December 2018 and continued during the Year. Approximately 4,000 square meters of commercial properties was leased and classified as investment properties of the Group. Amid the worsen economies in the world as a result of COVID-19 outbreak, during the Year, the fair value of investment properties was decreased by approximately RMB10,518,000 (2019: RMB4,044,000). During the Year, the total area of residential and commercial properties recognised as sales were approximately 14,600 square meters and 1,693 square meters respectively (2019: 87,652 square meters and 887 square meters respectively). 834 units and 217 units (2019: 459 units and 122 units respectively) of car parking spaces for private cars and motorbikes respectively were recognised as sales during the Year. As at 31 December 2020, residential and commercial properties contracted for pre-sale are as follows:

| | **Percentage** *(Note)* |
|---|---|
| Phase 1 & 2 of the First Maoming Project | 55% |
| Phase 3 of the First Maoming Project | 65% |

*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.

On 27 November 2019, a non-wholly owned subsidiary of the Group successfully won the bid of land use rights of a parcel of land situated at Maoming Jixiang District* (茂名市吉祥小區)(the "Second Maoming Project") for a consideration of approximately RMB241,512,000 while the transaction was completed in May 2020. Further details are stated in the section "SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS" of this announcement.

The Second Maoming Project will be developed into a composite of residential and commercial properties with the following approximate preliminary planned areas:

| | |
|---|---|
| Land site area | 29,000$m^2$ |
| Gross saleable area | 84,000$m^2$ |
| Residential areas | 59,000$m^2$ |
| Commercial areas | 25,000$m^2$ |
| Carpark spaces | 1,000 units |

The above planned preliminary data of the Second Maoming Project may be subjected to further changes and modifications. The pre-sales of the Second Maoming Project are scheduled to begin in late 2021 and properties will be delivered from second half year of 2023 onward.

**Trading of raw cane sugar**

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. For the Year, revenue from trading of raw cane sugar amounted to approximately RMB27,663,000 (2019: RMB48,411,000). Since the Group is able to obtain a stable supply with competitive price from China Sugar, a segment profit of approximately RMB2,025,000 (2019: RMB947,000) was recorded. The performance of raw cane sugar trading business in the future will be greatly depending on the global recovery from the COVID-19 outbreak. The management of the Group will take precautions to mitigate relevant business risks.

* *For identification purpose only*

## MARKET OUTLOOK AND PROSPECTS

As the COVID-19 pandemic ravaged the world in 2020, the global economic generally suffered a strong setback. Amid the effective public health measures in the PRC and low COVID-19 cases, the domestic economy including the property market are comparatively stable during 2020. The property market is still a cornerstone of GDP growth that the management expected that the related fiscal and monetary policies shall remain stable in the future. The PRC's macroeconomic policies should seek a balance between growth and stabilisation. The management is cautiously optimistic about Maoming property market because of: i) Easing of the COVID-19 outbreak in Maoming and generally in the PRC due to control measures; ii) Stable monetary and fiscal policies; iii) Continuing urbanisation in Maoming and strong local demands; and iv) Local city transformation and infrastructure development continue in western Guangdong province.

Regarding the First Maoming Project, as more and more residents are moving into the area, sales campaigns in 2021 will be on the remaining commercial properties and carpark spaces. The Group will also reinforce its financial resources and human resources to the Second Maoming Project. The pre-sales of Second Maoming Project are scheduled to be started in late 2021, while management will cautiously review the market to further fine tune the plan and development schedule.

Regarding the trading of raw cane sugar business, due to the outbreak of COVID-19, extra precautions will be put on the commodity price fluctuation of raw cane sugar as it becomes more volatile. The management will further explore trading business of sugar while sufficient risk mitigations can be implemented.

## FINANCIAL REVIEW

For the Year, the Group's revenue is amounted to approximately RMB275,541,000 (2019: RMB804,898,000). The loss attributable to owners of the Company was approximately RMB7,775,000 (2019: profit of RMB74,184,000). The decline of the revenue and profit were mainly due to the decreased delivery and sales recognition of properties of phase 3 of the Maoming Project and fair value change on investment properties.

As at 31 December 2020, bank balances and cash were approximately RMB77,848,000 (31.12.2019: RMB63,528,000), restricted bank deposit was approximately RMB22,000 (31.12.2019: RMB896,000) and pledged bank deposits were approximately RMB11,486,000 (31.12.2019: RMB31,285,000). As at 31 December 2020, the total assets of the Group was approximately RMB1,096,471,000 (31.12.2019: RMB1,183,485,000), representing a decrease of approximately 7%. The decrease was mainly due to the delivery of properties of phase 3 of the Maoming Project. As at 31 December 2020, the Group's total secured bank borrowings, bank overdrafts and loan payables amounted to approximately RMB21,609,000 (31.12.2019: RMB16,165,000). As at 31 December 2020, the gearing ratio, expressed as a percentage of total secured bank borrowings, loan payables and bank overdrafts over net assets was approximately 3% (31.12.2019: 2%) and the current ratio was approximately 3.2 (31.12.2019: 2.4).

## CAPITAL STRUCTURE

On 16 October 2020, the Company held an extraordinary general meeting and an ordinary resolution was passed, approving the consolidation of every ten (10) issued and unissued ordinary shares of HK$0.10 each in the share capital of the Company into one (1) consolidated share of HK$1.00 in the share capital of the Company. The share consolidation became effective on 20 October 2020.

For details of the share consolidation, please refer to the announcements of the Company dated 2 September 2020, 16 October 2020 and 20 October 2020 and the circular of the Company dated 23 September 2020.

The issued ordinary share capital of the Company as at 31 December 2020 was approximately HK$254,469,052 divided into 254,469,052 shares of HK$1.00 each.

## FUND RAISING ACTIVITY

Reference is made to the announcement of the Company dated 2 September 2020 and the circular of the Company dated 23 September 2020 in respect of, amongst other things, the subscription of new shares by a connected person under specific mandate. On 2 September 2020, the Company and a connected person entered into a subscription agreement (the "Subscription Agreement"), pursuant to which the Company has conditionally agreed to allot and issue, and the subscriber has conditionally agreed to subscribe for, of 72,000,000 ordinary shares of the Company (the "Subscription Shares") at HK$1.0 per share (on the basis that the share consolidation was completed).

The aggregate gross proceeds and the net proceeds (after deduction of the relevant expenses) were approximately HK$72 million and HK$71.4 million respectively, (i) of which approximately HK$17 million as general working capital of the Company and (ii) of which approximately HK$54.4 million as payment of property project development and construction fee. The Directors consider that the issue of Subscription Shares can provide the Company with access to additional funds to enhance its working capital and strengthen its capital base and financial position for the future development. The terms of the Subscription Agreement were arrived at after arm's length negotiations between the Company and the subscriber, taking into account the market price of the existing shares. The Directors are of the view that the Subscription Agreement is entered into upon normal commercial terms and, based on the prevailing market conditions, that the Subscription Agreement is fair and reasonable and in the interests of the Company and the shareholders as a whole.

As at 31 December 2020, none was used as general working capital and approximately HK$24 million as payment of property of project development. The remaining amount of fund raised not yet utilised are as follows:

| | RMB million |
|---|---|
| Payment of Second Maoming Project development and construction fee | approximately 30.4 |
| General working capitals | approximately 17.0 |

As at 31 December 2020, unutilised proceeds of approximately HK$47.4 million were deposited in licensed banks for future use in accordance with the proposed intention. The Group will continue to monitor the progress of the Second Maoming Project and other business and expected that the fund will be used in 2021.

## 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 2020, certain of the Group's leasehold land and buildings with an aggregate carrying values of approximately RMB14,765,000 (2019: RMB16,128,000) were pledged to banks for securing general banking facilities granted to certain subsidiaries of the Company.

As at 31 December 2020, restricted bank deposit of RMB22,000 (2019: RMB896,000) and pledged bank deposits of RMB11,486,000 (2019: RMB31,285,000) 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 2020, banking facilities of approximately RMB13,189,000 (2019: RMB1,776,000) were utilised and approximately RMB20,744,000 (2019: 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 2020, the Group had commitments for development of properties amounted to RMB369,138,000 (2019: acquisition of a land RMB139,052,000).

## EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2020, the Group employed 41 (2019: 44) full time employees in Hong Kong and the PRC. Total remuneration of the Group for the Year was approximately RMB15,199,000 (2019: RMB13,764,000). 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 2020, the Group's maximum obligation in respect of the mortgage facilities provided to certain purchasers of the Group's properties amounted to approximately RMB163,165,000 (2019: RMB577,518,000).

## 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 were paid in May 2020 while the land acquisition transaction was completed.

Save as disclosed above, there were no significant investments held as at 31 December 2020 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

The Group does not have any material subsequent event after the reporting period and up to the date of this announcement.

## 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.

## 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. During the Year and up to the date of this announcement, the members of the Audit Committee have been and are:

**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, 30 March 2021

*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.*