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 2021

The board (the "Board") of directors (the "Directors") of China Uptown Group Company Limited (the "Company") announces the consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2021 (the "Year") together with comparative figures for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	NOTES	**2021** *RMB'000*	2020 *RMB'000*
Revenue	*3*	**173,974**	275,541
Cost of sales		**(154,900)**	(226,537)
Gross profit		**19,074**	49,004
Other income	*5*	**1,962**	1,055
Other gains and losses	*6*	**(35,701)**	(8,107)
Impairment loss reversed (recognised) under expected credit loss ("ECL") model on other receivables		**729**	(1,236)
Impairment loss recognised on properties held for sale		**(302,818)**	–
Impairment loss recognised on properties under development		**(71,026)**	–
Selling and marketing expenses		**(10,041)**	(2,733)
Administrative expenses		**(29,384)**	(29,861)
Finance costs	*7*	**(804)**	(830)
(Loss) profit before taxation		**(428,009)**	7,292
Income tax expense	*8*	**(37,259)**	(14,503)
Loss for the year	*9*	**(465,268)**	(7,211)

	NOTE	2021 RMB'000	2020 RMB'000
(Loss) profit for the year attributable to:			
Owners of the Company		**(400,926)**	(7,775)
Non-controlling interests		**(64,342)**	564
		(465,268)	(7,211)
Loss per share (in RMB cents)	*11*		
– Basic		**(157.55)**	(4.26)
– Diluted		**(157.55)**	(4.26)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021	2020
	RMB'000	*RMB'000*
Loss for the year	**(465,268)**	(7,211)
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	**(17,836)**	(1,249)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations	**17,998**	2,928
	162	1,679
Total comprehensive expense for the year	**(465,106)**	(5,532)
Total comprehensive expense for the year attributable to:		
Owners of the Company	**(401,361)**	(6,096)
Non-controlling interests	**(63,745)**	564
	(465,106)	(5,532)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000
Non-current Assets			
Investment properties		**4,400**	74,400
Property, plant and equipment		**15,543**	16,643
Right-of-use assets		**1,229**	337
		21,172	91,380
Current Assets			
Properties under development		**364,000**	253,395
Properties held for sale		**233,744**	602,714
Investment properties held for sale		**10,057**	–
Deposits, other receivables and prepayments	*12*	**44,300**	26,604
Financial assets at fair value through profit or loss		**4,313**	6,402
Tax recoverable		**–**	26,620
Restricted bank deposit		**–**	22
Pledged bank deposits		**4,482**	11,486
Bank balances and cash		**40,142**	77,848
		701,038	1,005,091
Current Liabilities			
Trade and other payables	*13*	**146,203**	59,088
Contract liabilities		**56,718**	74,154
Other borrowing		**8,150**	8,420
Lease liabilities – current portion		**921**	340
Amounts due to non-controlling interests		**98,250**	85,000
Amounts due to directors		**2,325**	6,624
Amount due to a former director		**14,589**	–
Tax payable		**95,016**	72,228
Bank overdrafts		**1,959**	4,039
Secured bank borrowing		**8,020**	9,150
		432,151	319,043
Net Current Assets		**268,887**	686,048
Total Assets Less Current Liabilities		**290,059**	777,428

	2021	2020
	RMB'000	*RMB'000*
Non-current Liabilities		
Lease liabilities – non-current portion	**321**	21
Deferred tax liabilities	**11,661**	34,224
	11,982	34,245
Net Assets	**278,077**	743,183
Capital and Reserve		
Share capital	**222,157**	222,157
Reserves	**61,950**	463,311
Equity attributable to owners of the Company	**284,107**	685,468
Non-controlling interests	**(6,030)**	57,715
Total Equity	**278,077**	743,183

NOTES:

1. GENERAL

China Uptown Group Company Limited (the "Company") is an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in property development and investment as well as trading of raw cane sugar.

The functional currency of the Company is Hong Kong dollar ("HK$") while the consolidated financial statements are presented in Renminbi ("RMB") for the convenience of the financial statements users.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

The application of the amendments to HKFRSs in the current year had no material impact on the Company's financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Company has not early applied the new and amendments to HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2021. These new and revised HKFRSs included the following which may be relevant to the Company:

Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 16	Lease Liability in a Sales and Leaseback[3]
Amendments to HKAS 1	Non-current Liabilities with Covenants[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020[1]

[1] Effective for annual periods beginning on or after 1 January 2022

[2] Effective for annual periods beginning on or after 1 January 2023

[3] Effective for annual periods beginning on or after 1 January 2024

The directors of the Company anticipate that the application of all the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

(i) Disaggregation of revenue

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

	2021	2020
	RMB'000	*RMB'000*
Arising from the Mainland China		
Sales of properties – a point in time	**172,547**	246,450
Arising from Hong Kong		
Trading of raw cane sugar – a point in time	**–**	27,663
Revenue from contracts with customers	**172,547**	274,113
Lease – other source	**1,427**	1,428
	173,974	275,541

(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 control of completed property is transferred to the customer, being at the point that the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

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 from the sale of raw cane sugar is recognised at a point of time when the Group delivers the raw cane sugar to the customer where its performance obligation is satisfied and the customer obtains control of the raw cane sugar. Payment of the transaction price is due immediately when the invoice is presented to the customers 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 2021 and the expected timing of recognising revenue are as follows:

	2021	2020
	RMB'000	*RMB'000*
Within one year		
– Sales of properties	**56,718**	74,154

(iv) Leases

	2021	2020
	RMB'000	*RMB'000*
For operating leases with respect to investment properties:		
Lease payments that are fixed	**1,427**	1,428

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, retail stores, 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 2021

	Property development and investment *RMB'000*	**Trading of raw cane sugar** *RMB'000*	**Total** *RMB'000*
Revenue	**173,974**	**–**	**173,974**
Segment loss	**(409,044)**	**(1,616)**	**(410,660)**
Fair value change on financial assets at fair value through profit or loss (the "FVTPL")			**(519)**
Finance costs			**(499)**
Unallocated corporate expenses			**(16,331)**
Loss before taxation			**(428,009)**

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			656
Fair value change on financial assets at FVTPL			2,411
Finance costs			(662)
Unallocated corporate expenses			(19,907)
Profit before taxation			7,292

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit or loss represents the profit or loss 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) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	2021	2020
	RMB'000	*RMB'000*
Segment assets		
– Property development and investment	**668,892**	1,072,849
– Trading of raw cane sugar	**33,455**	802
Unallocated corporate assets		
– Financial assets at FVTPL	**4,313**	6,402
– Bank balances and cash	**1,241**	1,242
– Others	**14,309**	15,176
Consolidated total assets	**722,210**	1,096,471
Segment liabilities		
– Property development and investment	**(403,066)**	(328,330)
– Trading of raw cane sugar	**(1,648)**	(712)
Unallocated corporate liabilities		
– Other borrowing	**(8,150)**	(8,420)
– Amount due to a director	**(2,201)**	–
– Amount due to a former director	**(14,589)**	–
– Tax payable	**(220)**	(227)
– Bank overdrafts	**(1,959)**	(4,039)
– Secured bank borrowing	**(8,020)**	(9,150)
– Others	**(4,280)**	(2,410)
Consolidated total liabilities	**(444,133)**	(353,288)

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to segments assets other than financial assets at FVTPL, certain bank balances and cash and certain other assets; and

- all liabilities are allocated to segments liabilities other than other borrowing, certain amounts due to directors, amount due to a former director, certain tax payable, secured bank borrowing, bank overdrafts and certain other liabilities.

(c) Other segment information

2021

	Property development and investment *RMB'000*	**Trading of raw cane sugar** *RMB'000*	**Unallocated** *RMB'000*	**Consolidated** *RMB'000*
Amounts included in the measure of segment profit or loss and segment assets:				
Addition to non-current assets	**112**	**–**	**1,825**	**1,937**
Impairment loss (reversed) under ECL model on other receivables	**(729)**	**–**	**–**	**(729)**
Impairment loss recognised on properties held for sale	**302,818**	**–**	**–**	**302,818**
Impairment loss recognised on properties under development	**71,026**	**–**	**–**	**71,026**
Fair value change on investment properties	**35,182**	**–**	**–**	**35,182**
Finance costs	**–**	**305**	**499**	**804**
Depreciation of property, plant and equipment	**325**	**–**	**421**	**746**
Depreciation of right-of-use assets	**–**	**934**	**5**	**939**
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss and segment assets:				
Fair value change on financial assets at FVTPL	**–**	**–**	**519**	**519**
Bank interest income	**(159)**	**–**	**–**	**(159)**
Other income	**(1)**	**(1,802)**	**–**	**(1,803)**
Income tax expense	**37,259**	**–**	**–**	**37,259**

2020

	Property development and investment *RMB'000*	Trading of raw cane sugar *RMB'000*	Unallocated *RMB'000*	Consolidated *RMB'000*
Amounts included in the measure of segment profit or loss and segment assets:				
Addition to non-current assets	21	–	–	21
Impairment loss recognised under ECL model on other receivables	1,236	–	–	1,236
Fair value change on investment properties	10,518	–	–	10,518
Finance costs	–	168	662	830
Depreciation of property, plant and equipment	385	–	453	838
Depreciation of right-of-use assets	–	1,205	5	1,210
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss and segment assets:				
Fair value change on financial assets at FVTPL	–	–	(2,411)	(2,411)
Bank interest income	(259)	(7)	–	(266)
Other income	–	(133)	(656)	(789)
Income tax expense	14,263	–	240	14,503

(d) Geographical information

The Group's operations are located on the Mainland China and Hong Kong.

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from External customers		**Non-current assets**	
	2021	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The Mainland China	**173,974**	247,878	**6,065**	76,277
Hong Kong	**–**	27,663	**15,107**	15,103
	173,974	275,541	**21,172**	91,380

(e) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2021	2020
	RMB'000	*RMB'000*
Customer A *(Note)*	**–**	27,663

Note: Amount represented revenue generated from trading of raw cane sugar to this customer during the year ended 31 December 2020 and this customer did not contribute any revenue to the Group during the year ended 31 December 2021.

5. OTHER INCOME

	2021	2020
	RMB'000	*RMB'000*
Compensation received upon cancellation of sugar trading contract by a customer	**1,800**	–
Bank interest income	**159**	266
Government grant *(Note)*	**–**	625
Other interest income	**3**	133
Gain on disposal of a subsidiary	**–**	31
	1,962	1,055

Note: During the year ended 31 December 2020, the Group received and recognised government grants of Hong Kong Dollar ("HK$") HK$702,000 (equivalent to approximately RMB625,000) (2021: Nil) in accordance with the Employment Support Scheme provided by the Hong Kong government.

6. OTHER GAINS AND LOSSES

	2021	2020
	RMB'000	*RMB'000*
Fair value change on investment properties	**(35,182)**	(10,518)
Fair value change on financial assets at fair value through profit or loss	**(519)**	2,411
	(35,701)	(8,107)

7. FINANCE COSTS

	2021	2020
	RMB'000	*RMB'000*
Interest expenses on		
– secured bank borrowing	**172**	225
– other borrowing	**498**	534
– lease liabilities	**22**	59
– bank overdrafts	**112**	12
	804	830

8. INCOME TAX EXPENSE

	2021	2020
	RMB'000	*RMB'000*
Current tax		
Hong Kong	**–**	240
PRC enterprise income tax ("EIT")	**159**	12,575
PRC land appreciation tax ("LAT")	**59,663**	8,063
	59,822	20,878
Deferred taxation		
Current year	**(22,563)**	(6,375)
	37,259	14,503

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%. Tax provision for the prior year was provided based on the assessable profits and unused 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.

The income tax expense for the year can be reconciled to the (loss) profit before taxation per the consolidated statement of profit or loss as follows:

	2021	2020
	RMB'000	*RMB'000*
(Loss) profit before taxation	**(428,009)**	7,292
Tax (credit) charge at the domestic income tax rate of 25% (2020: 25%) *(Note)*	**(107,002)**	1,823
Tax effect of expenses not deductible for tax purpose	**3,063**	4,584
Tax effect of income not taxable for tax purpose	**(246)**	(107)
Provision of PRC LAT for the year	**59,663**	8,063
Tax effect of PRC LAT deductible for PRC EIT	**(14,916)**	(2,016)
Tax effect of deductible temporary differences not recognised	**93,461**	–
Utilisation of tax losses previously not recognised	**–**	(1,245)
Effect of different tax rates of subsidiaries operating in other jurisdiction	**2,108**	3,548
Tax effect of tax losses not recognised	**1,128**	–
Income tax at concessionary rate	**–**	(147)
Income tax expense	**37,259**	14,503

Note: The domestic income tax rate (which is PRC EIT rate) in the jurisdiction where the operation of the Group is substantially based is used.

At the end of the reporting period, the Group has deductible temporary differences of approximately RMB302,818,000 (2020: Nil) arising from impairment loss recognised on properties held for sales and approximately RMB71,026,000 (2020: Nil) arising from impairment loss recognised on properties under development respectively.

No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

9. LOSS FOR THE YEAR

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

	2021	2020
	RMB'000	*RMB'000*
Directors' remuneration	**7,356**	7,592
Other staff costs	**10,248**	6,746
Retirement benefits scheme contributions	**845**	861
	18,449	15,199
Gross rental income from investment properties	**(1,427)**	(1,428)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	**199**	173
	(1,228)	(1,255)
Cost of properties held for sale recognised as expenses (included in cost of sales)	**154,900**	203,896
Cost of raw cane sugar recognised as expenses (included in cost of sales)	**–**	22,641
Auditor's remuneration	**1,162**	1,201
Net foreign exchange loss	**–**	1,054
Impairment loss (reversed) recognised under ECL model on other receivables	**(729)**	1,236
Impairment loss recognised on properties held for sale	**302,818**	–
Impairment loss recognised on properties under development	**71,026**	–
Depreciation of property, plant and equipment	**746**	838
Depreciation of right-of-use assets	**939**	1,210
Expenses related to short-term leases	**806**	20

10. DIVIDEND

No dividends were declared and proposed by the Company during the years ended 31 December 2021 and 2020, nor has any dividend been proposed since the end of the reporting year.

11. LOSS PER SHARE

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

	2021	2020
	RMB'000	*RMB'000*
Loss		
Loss for the purposes of basic and diluted loss per share – loss for the year attributable to owners of the Company	**(400,926)**	(7,775)
Number of shares		
Weighted average number of share for the purposes of basic and diluted loss per share	**254,469,052**	182,666,312

The weighted average number of ordinary shares for the purposes of basic and diluted loss per share for the year ended 31 December 2020 presented has been adjusted for the shares consolidation effected on 20 October 2020.

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

12. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	2021	2020
	RMB'000	*RMB'000*
Other receivables *(Note 1)*	**17,984**	24,914
Less: impairment losses recognized, net	**(905)**	(1,647)
	17,079	23,267
Deposits and prepayments *(Note 2)*	**11,955**	3,337
Value-added tax receivables	**15,266**	–
	44,300	26,604

Notes:

1. It includes loan receivables of approximately RMB2,882,000 (2020: RMB10,675,000) extended to the buyers of properties as at 31 December 2021. The amounts are interest-free, unsecured and repayable within twelve months.

2. It includes a deposit paid of approximately RMB10,000,000 (2020: Nil) for purchasing sugar as at 31 December 2021.

13. TRADE AND OTHER PAYABLES

	2021	2020
	RMB'000	*RMB'000*
Trade payables	**7,404**	388
Value-added tax payable	**38,099**	41,910
Other tax payables	**2,798**	3,241
Other payables	**10,313**	10,715
Accrued charges	**87,589**	2,834
	146,203	59,088

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:

	2021	2020
	RMB'000	*RMB'000*
Within 90 days	**7,404**	388

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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 RMB173,974,000 (2020: RMB247,878,000), representing sales of properties of approximately RMB172,547,000 (2020: RMB246,450,000) and rental income of approximately RMB1,427,000 (2020: RMB1,428,000). 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 the commercial and residential properties of Phases 1, 2 and 3 of the First Maoming Project had been delivered in 2019 and most of the proceeds from sales of the First Maoming Project has been used in the development of the second phase of the Maoming Project situated at Maoming Jixiang District*(茂名市吉祥小區)(the "Second Maoming Project"). During the Year, the total area of residential and commercial properties of the First Maoming Project recognised as sales approximately 11,801 square meters and 4,983 square meters respectively (2020: 14,600 square meters and 1,693 square meters respectively). 160 units (2020: 1,051 units) of car parking spaces for both private cars and motorbikes were recognised as sales during the Year.

The decrease in revenue is mainly due to the sales of the First Maoming Project was almost completed while the Second Maoming Project was still under development. Gross margin was decreased as selling prices of the remaining properties were adjusted in accordance with the existing market and the major competitors' market prices in Maoming City under a selling campaign.

Due to the challenging operating conditions in property sector under pandemic COVID-19, and the economic uncertainty leading to negative market sentiment, the properties held for sale recorded an impairment loss of approximately RMB302,818,000 (2020: nil), and an impairment loss of approximately RMB71,026,000 (2020: nil) was recognised for properties under development. Selling and marketing expenses increased by approximately RMB7,308,000 mainly due to the promotion expenses of the Second Maoming Project.

The Second Maoming Project

On 27 November 2019, Maoming Shang Cheng Real Estate Company Limited* (茂名上誠置業有限公司) (the "Maoming Shang Cheng Real Estate"), an indirect non-wholly owned subsidiary of the Group, successfully won the bid of land use rights of the Second Maoming Project situated at Maoming Jixiang District* (茂名市吉祥小區) with a total site area of approximately 29,274.16 square meters and the consideration of which was approximately RMB241,512,000. The land acquisition transaction by Maoming Shang Cheng Real Estate was completed in 2020. The Second Maoming Project was planned to be developed into composite of residential and commercial properties with the following approximate planned areas:

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

Due to the pandemic, construction of the development of Second Maoming Project had been delayed, so as to the pre-sales plan. As at March 2023, approximately 48% of the construction had completed. Construction of the basement, kindergarten and first 2 blocks of residential buildings had been completed. Pre-sales of the residential blocks was started in June 2022, and the pre-sales of the other parts of the project was rescheduled as follows:

Pre-Sales of residential properties (The two blocks)	June 2022
Pre-Sales of apartment properties	Second half year of 2023
Pre-Sales of commercial properties	Second half year of 2023
Pre-Sales of car parks and shops	First half year of 2024
Completion and delivery	First half year of 2025

The management of the Group believes that the pre-sales in 2022 and 2023 will strengthen the financial position of the Group so that the Group can explore other new properties development project onward.

Trading of raw cane sugar

For the Year, there was no revenue from trading of raw cane sugar as the global market of raw cane sugar remaining volatile due to the COVID-19 outbreak. The management of the Group will continue to take extra precautions to mitigate relevant business risks.

MARKET OUTLOOK AND PROSPECTS

As the COVID-19 pandemic continued to ravage the world in 2021, the global economic generally suffered a strong setback. Amid the effective public health measures, China's economy was comparatively stable in 2021. However, the real estate sector was overshadowed by the debt defaults of some largest property companies. Economic uncertainty leading to negative market sentiment, together with the stringent measures on loans and debt refinancing, housing sales in China had declined in 2021 and 2022. The property market is still a cornerstone of GDP growth of China, with the government policy on easing of financing in 2022 and the recent border reopening, the management is cautiously optimistic about China's property market. Given the continuing urbanisation and infrastructure development in Maoming and western Guangdong province, the management expects that the property market will be vigorous again as local demands remain strong while effect of the COVID-19 fading out.

Regarding the First Maoming Project, as more and more residents moving into the area, the sales campaigns will be focusing on the remaining commercial properties and car parking spaces. The Group will also accelerate the construction progress of the Second Maoming Project to catch up with the pre-sales schedule. The management will keep cautiously reviewing the property market and seek for suitable property development opportunities. Regarding the trading of raw cane sugar business, due to the pandemic, the management of the Group has put an extra precautions on the commodity price fluctuation of raw cane sugar as it becomes more volatile and will further explore trading business of sugar while sufficient risk mitigations can be implemented.

FINANCIAL REVIEW

For the Year, the Group's revenue, all contributed from property development and investment business, amounted to approximately RMB173,974,000 (2020: RMB275,541,000). The loss attributable to owners of the Company was approximately RMB400,926,000 (2020: RMB7,775,000). The increase of loss was mainly due to the decrease in revenue, decline in gross profit margins, impairment loss recognised on properties held for sale and properties under development, and fair value loss on investment properties upon disposal and revaluation.

As at 31 December 2021, bank balances and cash were approximately RMB40,142,000 (2020: RMB77,848,000) and pledged bank deposits amounting to RMB4,482,000 (2020: RMB11,486,000) have been pledged to guarantee the mortgage loans granted by the banks to customers of the Group. As at 31 December 2021, the total assets of the Group was approximately RMB722,210,000 (2020: RMB1,096,471,000), representing a decrease of approximately 34% (2020: 7%). The decrease was mainly due to the impairment loss recognised on properties held for sale and properties under development, and fair value loss on investment properties. As at 31 December 2021, the Group's total secured bank borrowing, bank overdrafts and other borrowing amounted to approximately RMB18,129,000 (2020: RMB21,609,000). As at 31 December 2021, the gearing ratio, expressed as a percentage of total secured bank borrowing, other borrowing and bank overdrafts over net assets was approximately 7% (2020: 3%) and the current ratio was approximately 1.6 (2020: 3.2).

CAPITAL STRUCTURE

The issued ordinary share capital of the Company as at 31 December 2021 was approximately HK$254,469,052 divided into 254,469,052 shares of HK$1.00 each.

CHANGE OF AUDITOR

The Group's former auditor, Deloitte Touche Tohmastsu ("Deloitte"), has resigned as the auditor of the Group with effect from 15 August 2022 as the Company and Deloitte failed to agree on the scope of the independent forensic investigation. Please refer to the Company's announcement dated 17 August 2022 in relation to the resignation of Deloitte.

In the letter of resignation of Deloitte, Deloitte advised that, inter alia, Deloitte has not completed the audit of the consolidated financial statements of the Group and the financial statements of the subsidiaries of the Company incorporated in Hong Kong for the year ended 31 December 2021.

On 9 September 2022, the Company has appointed McMillan Woods (Hong Kong) CPA Limited ("McMillan") as the new auditor of the Company to carry out the audit of the consolidated financial statements of the Group for year ended 31 December 2021. There were differences between unaudited results published on 31 March 2022 and the audited results.

Save as disclosed above, there was no change in auditor during the last three years.

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 2021, certain of the Group's leasehold land and buildings with an aggregate carrying values of approximately RMB13,878,000 (2020: RMB14,765,000) were pledged to banks for securing general banking facilities granted to certain subsidiaries of the Company.

As at 31 December 2021, pledged bank deposits of RMB4,482,000 (2020: RMB11,486,000) 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 2021, banking facilities of approximately RMB9,979,000 (2020: RMB13,189,000) were utilised and approximately RMB8,767,000 (2020: RMB20,744,000) 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 this announcement.

CAPITAL AND OTHER COMMITMENTS

As at 31 December 2021, the Group had commitments for development of properties amounted to RMB316,705,000 (2020: RMB369,138,000).

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2021, the Group employed 58 (2020: 41) full time employees in Hong Kong and the PRC. Total remuneration of the Group for the Year was approximately RMB18,449,000 (2020: RMB15,199,000). 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.

FINANCIAL GUARANTEE CONTRACTS

As at 31 December 2021, the Group's maximum obligation in respect of the mortgage facilities provided to certain purchasers of the Group's properties amounted to approximately RMB80,814,000 (2020: RMB163,165,000).

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

There were no significant investments held as at 31 December 2021 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.

EVENTS AFTER THE REPORTING PERIOD

Forensic Investigation

Certain bank accounts (the "Bank Accounts") of two of the Group's subsidiaries in the PRC, Maoming Huada Real Estate Development Limited* (茂名市華大房地產開發有限公司) ("Maoming Huada") and Maoming Shang Cheng Real Estate (collectively, the "Maoming Subsidiaries") were frozen in January 2022. Please refer to the announcements of the Company dated 28 January 2022 and 28 March 2022 for details. An independent forensic consultant was engaged to conduct an investigation into the incident of freezing of Bank Accounts ("Investigation").

The Investigation had been completed in September 2022. The reason for the frozen of the Bank Accounts is that an associate of the former executive Directors (the "Subject Party") was under investigation by the Security Bureau of Zhangjiang City ("Security Bureau"). The Security Bureau, for prudence sake, temporarily froze all assets that might possibly be related to the Subject Party, including the Bank Accounts of the Maoming Subsidiaries. Pursuant to the legal opinion issued by the PRC legal adviser, the subject of investigation by the Security Bureau did not include the Maoming Subsidiaries. The responsible officer sent by a PRC bank (the "Bank") to monitor the Bank Accounts has expressed that the Maoming Subsidiaries operated legally and were not involved in any illegal operations or illegal activities, and there was no evidence as shown in the Industrial and Commercial Register that the Maoming Subsidiaries have any relationship with the Subject Party. The Bank Accounts have been unfrozen since 9 March 2022 upon entering into the custodian agreement ("Custodian Agreement") between the Maoming Subsidiaries and the Bank, the Bank Accounts have since then been operated jointly by the Bank and the Maoming Subsidiaries which requires approval by the Bank according to the terms of the Custodian Agreement. Normal operational transfer of funds in the Bank Accounts have been approved by the Bank to ensure the normal operation of business of the Maoming Subsidiaries.

During the course of the Investigation, it was found that some of the transactions under the Investigation were lack of proper approval or supporting documentation. The Board noted that no money was lost on those transactions and concurred with the view of the independent investigation committee (which comprised the independent non-executive Directors) that there was potential deficiency in the internal control systems and the Group's internal control mechanisms need to be strengthened. Please refer to the Company's announcement dated 31 October 2022 for detail findings of the Investigation.

The management has conducted a throughout review and found that there were (i) subcontract of construction works to the minority shareholders of the Maoming Subsidiaries in the amount of approximately RMB10 million, and (ii) provision of short-term loans to the minority shareholders of the Maoming Subsidiaries in an aggregate amount of RMB6 million which had been fully repaid.

Subcontract of Construction Works to a Minority Shareholder

The Investigation found that in October 2021, Maoming Shang Cheng Real Estate paid a construction progress payment of RMB5 million to one of its minority shareholder who holds 20% equity interest in Maoming Shang Cheng Real Estate through a corporation in which he owns 50% equity interest ("Shang Cheng MS"). The construction works subcontracted to Shang Cheng MS were mainly for the repair and maintenance works done upon the completion of the First Maoming Project in 2020 including installation of fire-proof doors, restoration of underground parking, waterproof and repair works, and restoration of shops. Total amount of the subcontracts was approximately RMB10 million. All the subcontract payments with Shang Cheng MS, except the one for restoration of shops in October 2021 amounted to RMB174,570, were fully settled during the Year. Since then, the Group has no other subcontracts or transactions with the Shang Cheng MS.

Short-term Loans to a Minority Shareholder

The Investigation also found that in July 2021, Maoming Huada advanced RMB5 million to its minority shareholder who is interested in 10% equity interest in Maoming Huada (the "Huada MS"). Nevertheless, there was another RMB1 million advanced to the Huada MS in July 2021. The two short-term loans were fully repaid before the year end of 2021, and since then, the Group has no other loan or financial assistance provided to the minority shareholders of the Maoming Subsidiaries.

The above subcontract of construction works and loans to the minority shareholders constituted connected transactions of the Company under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

In order to strengthen the internal control systems of the Group so as to avoid the occurrence of similar non-compliance with the Listing Rules, the Board had appointed an independent internal control consultant ("IC Consultant") to review the internal control systems of the Group. The IC Consultant had finished the internal control review exercise and had provided the Board with suggestions to improve the Group's internal control systems. The Board had adopted the suggestions and implemented relevant internal control management policies and measures, particularly those for conflict of interests, connected and notifiable transactions with training to the Board. The IC Consultant was satisfied with the result after the implementation of the policies and measures, and believes that the Group's internal control management system has been improved, and there are no major risks or concerns in the Group's internal control system.

Save as disclosed above, 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 Listing Rules. In the opinion of the Directors, the Company has complied with all the relevant Code Provisions of the CG Code throughout the Year.

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 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. As at the date of this announcement, the Audit Committee has the following three members:

Mr. Yau Sze Yeung *(Chairman) (appointed on 6 July 2022)*
Mr. Chen Weijiang
Mr. Lee Chun Tung *(appointed on 17 June 2022)*

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.

REVIEW OF ANNUAL RESULTS

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, McMillan, to the amounts set out in the Company's audited consolidated financial statements for the Year.

The work performed by McMillan 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 opinion or no assurance has been expressed by McMillan on this announcement.

PUBLICATION OF AUDITED 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.

CONTINUED SUSPENSION OF TRADING

Due to the delay in publication of the audited annual results of the Group for the year ended 31 December 2021, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 27 May 2022. The Stock Exchange issued the resumption guidance on 17 July 2022 for the resumption of trading in the Shares. Please refer to the Company's announcement dated 1 August 2022 in relation to the resumption guidance. As at the date of this announcement, the management endeavour to fulfil other resumption requirements as soon as possible. Trading in the Shares will remain suspended until further notice.

By order of the Board
China Uptown Group Company Limited
Pan Shimin
Chairman

Hong Kong, 17 March 2023

As at the date of this announcement, the executive Directors are Mr. Pan Shimin, Mr. Chen Xian, Mr. Cheng Chi Kin and Mr. To Kwan; and the independent non-executive Directors are Mr. Yau Sze Yeung, Mr. Chen Weijiang and Mr. Lee Chun Tung.