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 2012

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 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
Turnover	3	**979,424**	214,480
Cost of sales		**(628,113)**	(203,138)
Gross profit		**351,311**	11,342
Other operating income	3	**1,844**	8,537
Change in fair value of investment properties		**20,100**	12,999
Change in fair value of convertible bonds		**(4,139)**	45,393
Gain on extinguishment of consideration payable		**–**	6,006
Selling and distribution costs		**(14,468)**	(15,116)
Administrative expenses		**(25,356)**	(23,510)
Finance costs		**(11,475)**	(24,525)
Profit before taxation		**317,817**	21,126
Income tax expense	5	**(176,921)**	(2,935)
Profit for the year	6	**140,896**	18,191
Exchange differences arising on translation of financial statements of foreign operations and total other comprehensive income for the year		**3,538**	11,905
Total comprehensive income for the year		**144,434**	30,096
Profit (loss) for the year attributable to:			
Owners of the Company		**103,489**	22,529
Non-controlling interests		**37,407**	(4,338)
		140,896	18,191
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**107,027**	34,434
Non-controlling interests		**37,407**	(4,338)
		144,434	30,096
Earnings per share	8		
Basic		**RMB11.99 cents**	RMB2.64 cents
Diluted		**RMB8.23 cents**	RMB1.69 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
Non-current assets			
Property, plant and equipment		**29,683**	31,619
Investment properties		**175,800**	162,025
Prepaid lease payments		**234**	240
Goodwill		**184,231**	184,231
Available-for-sale investments		**–**	–
		389,948	378,115
Current assets			
Inventories		**3,174**	3,540
Properties under development		**–**	971,642
Properties held for sale		**746,701**	64,762
Trade and other receivables	*9*	**18,606**	62,400
Refundable deposit paid for a possible acquisition		**150,000**	–
Prepaid lease payments		**6**	6
Held-to-maturity investments		**–**	–
Held-for-trading investments		**53**	219
Income tax recoverable		**–**	27,717
Restricted bank deposits		**–**	92,298
Bank balances and cash		**196,668**	136,693
		1,115,208	1,359,277
Current liabilities			
Trade and other payables	*10*	**541,866**	919,642
Income tax payable		**147,951**	1,176
Secured bank borrowings		**13,198**	99,357
Convertible bonds		**132,405**	–
Consideration payable		**48,815**	–
		884,235	1,020,175
Net current assets		**230,973**	339,102
Total assets less current liabilities		**620,921**	717,217

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
At 31 December 2012

	2012	2011
	RMB'000	*RMB'000*
Capital and reserves		
Ordinary share capital	**88,424**	81,232
Convertible redeemable preference shares	**152,006**	184,653
Reserves	**125,705**	(10,519)
Equity attributable to owners of the Company	**366,135**	255,366
Non-controlling interests	**62,912**	75,505
Total equity	**429,047**	330,871
Non-current liabilities		
Convertible bonds	**179,782**	311,260
Consideration payable	**–**	44,645
Deferred taxation	**12,092**	30,441
	191,874	386,346
	620,921	717,217

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 certain financial instruments, which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Asset

Except as described below, the application of the 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.

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

The Group has applied for the first time the amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors of the Company reviewed the Group's investment property portfolios and concluded that the Group's investment properties located in the PRC are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, and that the presumption set out in the amendments to HKAS 12 is rebutted. Accordingly, there will be no effect of changes in accounting policies on deferred tax liabilities on changes in fair value of investment properties located in the PRC.

In the opinion of the directors of the Company, the investment properties located in Hong Kong were held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through sale, and that the presumption set out in the amendments to HKAS 12 is not rebutted. As a result of the application of the amendments to HKAS 12, the Group does not recognise any deferred taxes on changes in fair value of the investment properties located in Hong Kong as, based on the best estimation of the directors of the Company, the Group is not subject to any income taxes on disposal of its investment properties located in Hong Kong. Previously, the Group recognised deferred taxes on changes in fair value of investment properties on the basis that the entire carrying amounts of the properties were recovered through use.

The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's deferred tax liabilities arising from the change in fair value of investment properties being decreased by approximately RMB1,808,000 and RMB261,000 as at 1 January 2011 and 31 December 2011 respectively, with the corresponding adjustment being recognised in accumulated losses. In addition, the application of the amendments has resulted in the Group's income tax expense for the year ended 31 December 2012 and 31 December 2011 being reduced by nil and approximately RMB1,470,000 respectively and hence resulted in the profit for the year ended 31 December 2012 and 31 December 2011 being increased by nil and RMB1,470,000 respectively. However, the above impact on the amounts of deferred taxation liabilities, accumulated losses, income tax expense and profit for the year reported in the consolidated financial statements was set off against the corresponding changes in deferred tax assets recognised in respect to unutilised tax losses of same amounts.

The effect of changes in accounting policies on deferred tax liabilities on investment properties was set off against the corresponding changes in deferred tax assets related to the tax loss recognised. Hence, no effect on the Group's (i) financial results for the current and prior periods; (ii) financial position as at 1 January 2011 and 31 December 2011; and (iii) the basic and diluted earnings per share for the year ended 31 December 2012 and 2011.

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle[2]
Amendments to HKFRS 1	Government Loans[2]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[3]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
HK(IFRIC)* – Interpretation ("Int") 20	Stripping Costs in the Production Phase of a Surface Mine[2]

* HK(IFRIC) represents the Hong Kong (International Financial Reporting Interpretation Committee)

1 Effective for annual periods beginning on or after 1 July 2012.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2014.
4 Effective for annual periods beginning on or after 1 January 2015.

Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009 – 2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include the amendments to HKAS 1 Presentation of Financial Statements, the amendments to HKAS 16 Property, Plant and Equipment and the amendments to HKAS 32 Financial Instruments: Presentation.

The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors of the Company do not anticipate that the application of the amendments will have a material effect on the Group's consolidated financial statements.

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors of the Company anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors of the Company anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HK (SIC) – Int 12 Consolidation – Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. The application of HKFRS 10 is not expected to change any of the control conclusions reached by the Group in respect of its investment with other entities as at 1 January 2013.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 Jointly Controlled Entities – Non-monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The directors of the Company do not anticipate that the application of these five standards will have a significant impact on amounts reported in the consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The directors of the Company anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors of the Company anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a ‘statement of comprehensive income’ is renamed as a ‘statement of profit or loss and other comprehensive income’ and an ‘income statement’ is renamed as a ‘statement of profit or loss’. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

3. TURNOVER AND OTHER OPERATING INCOME

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers less sales related taxes.

An analysis of the Group's turnover for the year is as follows:

	2012	2011
	RMB'000	*RMB'000*
Turnover		
Sales of automation products and electronic components	**67,292**	143,585
Sales of properties	**904,409**	63,838
Gross rental income from investment properties *(Note i)*	**7,723**	7,057
	979,424	214,480
Other operating income		
Bank interest income	**850**	1,652
Discount received on early settlement of consideration payable	**–**	982
Exchange gain, net	**85**	1,657
Gain on disposal of investment properties	**316**	1,281
Gain on disposal of investment property under held for sale	**–**	765
Reversal of bad debts directly written off	**–**	1,691
Reversal of impairment loss recognised in respect of inventories	**464**	58
Written back of other payables	**–**	52
Sundry income	**129**	399
	1,844	8,537
Total revenues	**981,268**	223,017

Notes:

(i) An analysis of the Group's net rental income is as follows:

	2012	2011
	RMB'000	*RMB'000*
Gross rental income from investment properties	**7,723**	7,057
Less: outgoings (included in cost of sales)	**(1,498)**	(613)
Net rental income from investment properties	**6,225**	6,444

4. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

Property development	–	Development of properties in the People's Republic of China (the "PRC").
Property investment	–	Rental income arising from investment properties situated in the PRC and in Hong Kong.
Trading	–	Trading of electronic components, mobile phone modules and automation products.
Technology	–	Provision of technical and consultancy services including the provision of automation products on a project basis.

(a) Segment revenues and results

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

	Property development		Property investment		Trading		Technology		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Turnover	**904,409**	63,838	**7,723**	7,057	**67,292**	143,585	**–**	–	**979,424**	214,480
Segment profit (loss)	**325,579**	(15,006)	**25,477**	19,662	**(548)**	(839)	**–**	–	**350,508**	3,817
Change in fair value of convertible bonds									**(4,139)**	45,393
Change in fair value of held-for-trading investments									**(164)**	(960)
Discount received on early settlement of consideration payable									**–**	982
Gain on extinguishment of consideration payable									**–**	6,006
Bank interest income									**850**	1,652
Equity-settled share-based payment expenses									**(3,742)**	–
Unallocated corporate expenses									**(14,021)**	(11,239)
Finance costs									**(11,475)**	(24,525)
Profit before taxation									**317,817**	21,126

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss/profit represents the loss/profit of each segment without allocation of change in fair values of convertible bonds, change in fair value of held-for-trading investments, discount received on early settlement of consideration payable, gain on extinguishment of consideration payable, bank interest income, equity-settled share-based payment expenses, central administration costs, directors' emoluments and finance costs. This is the measure reported to the chief operating decision maker (board of directors) of the Group for the purposes of resource allocation and performance assessment.

(b) Geographical information

For the year ended 31 December 2012, 100% (2011: 100%) of the Group's revenue and assets were derived from customers and operations based in the PRC including Hong Kong (country of domicile) and accordingly, no further analysis of the Group's geographical information is disclosed.

(c) Revenues from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	Segment	**2012**	2011
		RMB'000	*RMB'000*
Customer A	Trading	**N/A***	57,590
Customer B	Trading	**N/A***	39,197

* The corresponding revenue does not contribute over 10% of the total revenue of the Group in the respective year.

5. INCOME TAX EXPENSE

	2012	2011
	RMB'000	*RMB'000*
Current tax:		
Hong Kong Profits Tax provided for the year	**–**	68
Over-provision in prior years	**(14)**	–
	(14)	68
PRC Enterprise Income Tax	**92,820**	4,214
	92,806	4,282
PRC Land Appreciation Tax ("LAT")	**90,032**	22
Deferred taxation		
– Current year	**(18,417)**	(1,369)
Withholding tax *(Note d)*	**12,500**	–
	176,921	2,935

(a) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2012 as the Group did not have any assessable profit subject to Hong Kong Profits Tax.

(b) Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries of the Company was 25% for both years.

(c) The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at progressive rates ranging from 30% to 60% on the appreciation value, with certain allowable deductions including land costs and the relevant property development expenditures. According to the State Administration of Taxation's official circulars, LAT shall be payable provisionally upon sales of the properties, followed by final ascertainment of the gain at the completion of the properties development.

(d) Pursuant to the PRC EIT Law, withholding tax is imposed on dividends declared by PRC subsidiaries of the Group in respect of profits earned from 1 January 2008 onwards.

At 31 December 2012, deferred taxation of approximately RMB4,194,000 (2011: Nil) has been provided for the portion of profits that are expected to be distributed by the PRC subsidiaries and deferred taxation has been provided for the remaining profits are expected to be distributed in the foreseeable future. The withholding tax represents the deferred tax liability arising on undistributed profits to non-controlling interests of a subsidiary in the PRC.

During the year ended 31 December 2012, this PRC subsidiary declared dividends of RMB200,000,000 (2011: Nil) and distributed to its two immediate holding companies and non-controlling interests. The two immediate holding companies with shareholding of 50% and 25% were incorporated in the BVI and Hong Kong and subject to withholding tax at the rate of 10% and 5% on the distributions of profits respectively. The non-controlling interests with shareholding of 25% was incorporated in the PRC and therefore not subject to any withholding tax on the distribution of profits.

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

	2012	2011
	RMB'000	*RMB'000*
Profit before taxation	**317,817**	21,126
Tax calculated at rates applicable to profits in the respective tax jurisdiction concerned	**82,159**	3,554
LAT	**90,032**	22
Overprovision in prior years	**(14)**	–
Tax effect of expenses not deductible for tax purpose	**7,048**	7,033
Tax effect of income not taxable for tax purpose	**(325)**	(7,118)
Withholding tax *(Note d, above)*	**12,500**	–
Withholding tax on undistributed profit of a subsidiary	**4,194**	(556)
Tax effect of tax losses not recognised	**104**	–
Tax effect of LAT	**(18,777)**	–
Income tax expense	**176,921**	2,935

6. PROFIT FOR THE YEAR

	2012	2011
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging (crediting):		
Staff cost (including directors' emoluments):		
Salaries, wages and other benefits in kind	**8,915**	8,838
Retirement benefits scheme contributions	**723**	301
Equity-settled share-based payment expenses	**3,742**	–
	13,380	9,139
Amortisation of prepaid lease payments	**6**	6
Auditor's remuneration	**888**	831
Change in fair value of held-for-trading investments (included in administrative expenses)	**164**	960
Cost of inventories recognised as expenses (included in cost of sales)	**628,192**	206,057
Depreciation of property, plant and equipment	**1,778**	1,904
Impairment loss recognised in respect of trade receivables (included in administrative expenses)	**31**	49
Impairment loss recognised in respect of other receivables (included in administrative expenses)	**–**	1,000
Impairment loss recognised in respect of properties held for sale (included in cost of sales)	**–**	3,430
Reversal of impairment loss recognised in respect of properties held for sale (included in cost of sales)	**(1,577)**	(6,904)
Operating lease rentals of equipment	**9**	30
Operating lease rentals of rental premises	**193**	194

7. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2012, nor has any dividend been proposed since the end of the reporting period (2011: Nil).

8. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

	2012	2011
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share for the year attributable to the owners of the Company	**103,489**	22,529

	2012	2011
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**863,011**	851,980
Effect of dilutive potential ordinary shares:		
Share options issued by the Company *(Note a)*	**118**	–
Conversion of convertible bonds *(Note b)*	**–**	–
Conversion of convertible redeemable preference shares	**394,737**	484,211
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,257,866**	1,336,191

Notes:

(a) The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price of the Company's shares for the year ended 31 December 2011.

(b) The computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible bonds as the conversion price of those convertible bonds was higher than the average market price of the Company's shares for the year ended 31 December 2012 and 2011.

9. TRADE AND OTHER RECEIVABLES

	2012	2011
	RMB'000	*RMB'000*
Trade receivables	**12,015**	29,429
Less: impairment loss recognised	**(5,172)**	(5,187)
	6,843	24,242
Prepayments, deposits and other receivables	**14,330**	40,733
Less: impairment loss recognised	**(2,567)**	(2,575)
	11,763	38,158
	18,606	62,400

Customers from the trading segment are normally required to settle the debts within one to two months upon issue of invoices, except for certain well established customers where the terms are extended to two to three months.

Trade receivables from rental income are due for settlement in accordance with the terms of the underlying agreements entered into with the tenants.

Trade receivables from the sale of properties are received in accordance with the terms of the related sales and purchase agreement. The Group does not hold any collateral over these balances.

(a) The following is an aged analysis of trade receivables net of impairment loss recognised presented based on invoice date at the end of the reporting period, which approximated the respective revenue recognition dates.

	2012	2011
	RMB'000	*RMB'000*
Within 60 days	**6,843**	23,423
Over 365 days	**–**	819
	6,843	24,242

Included in the Group's trade receivable as at 31 December 2011 was an amount of approximately RMB16,700,000 (2012: Nil) derived from the sale of properties. In accordance with the terms of the sales and purchase agreement, this receivable is repayable by installment.

(b) Included in the Group's trade receivables balance were debtors with aggregate carrying amount of approximately RMB819,000 as at 31 December 2011 (2012: Nil) which were past due as at the reporting date for which the Group had not provided for impairment loss. Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Ageing of trade receivables which are past due but not impaired

	2012	2011
	RMB'000	*RMB'000*
Over 365 days	**–**	819

(c) The movements in impairment losses recognised in respect of trade receivables are as follows:

	2012 RMB'000	2011 RMB'000
At beginning of the year	**5,187**	5,678
Exchange realignment	**(46)**	(223)
Written off during the year	**–**	(317)
Recognised during the year	**31**	49
At end of the year	**5,172**	5,187

At 31 December 2012, included in the impairment loss are individually impaired trade receivables with an aggregate balance of approximately RMB5,172,000 (2011: RMB5,187,000) which are due to long outstanding.

(d) The movements in impairment losses recognised in respect of other receivables are as follows:

	2012 RMB'000	2011 RMB'000
At beginning of the year	**2,575**	1,594
Exchange realignment	**(8)**	(19)
Recognised during the year	**–**	1,000
At end of the year	**2,567**	2,575

At 31 December 2012, included in the impairment loss are individually impaired other receivables with an aggregate balance of approximately RMB2,567,000 (2011: RMB2,575,000) which are due to long outstanding.

10. TRADE AND OTHER PAYABLES

	2012 RMB'000	2011 RMB'000
Trade payables	**41,335**	26,288
Receipts in advance *(Note iii)*	**482,217**	883,572
Accrued expenses and other payables	**18,314**	9,782
	541,866	919,642

(i) The Group normally receives credit period from suppliers ranging from 30 days to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

(ii) An aged analysis of the trade payables at the end of the reporting period based on invoice date is as follows:

	2012 RMB'000	2011 RMB'000
Within 60 days	**40,904**	25,447
61 – 90 days	**60**	–
91 – 365 days	**5**	–
Over 365 days	**366**	841
	41,335	26,288

(iii) Receipts in advance represents sales proceeds received from buyers in connection with the Group's pre-sale of properties at the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Property Development

The Group currently holds a property development project in Guangdong Province, the PRC (the "Project"). The Project was developed in two phases. The properties of Phase 2 of the Project have begun delivery in the second half of the year.

For the year ended 31 December 2012, total turnover attributable to the property development business amounted to approximately RMB904,409,000 (2011: RMB63,838,000) which were mainly contributed by the recognition of relevant sales of Phase 2 of the Project. During the year, over 50% residential properties and 14% commercial properties of Phase 2 of the Project were recognised as sales. Of the remaining properties of Phase 2 of the Project, approximately 57% of residential properties and 8% of commercial properties was contracted for pre-sales and will be delivered to the customers in year 2013.

Property Investment

Property investment business represents rental income and capital appreciation from investment properties held in the PRC. During the year, rental income amounted to approximately RMB7,723,000 (2011: RMB7,057,000). Net gain on change in fair value of investment properties amounted to approximately RMB20,100,000 (2011: RMB12,999,000).

At 31 December 2012, the investment property represents the research and development centre in Shenzhen, the PRC with gross floor area of approximately 15,084 square metres.

Trading

The Group's trading business represents distribution of electronic components and mobile phone modules. The total turnover from the trading business during the year amounted to RMB67,292,000 (2011: RMB143,585,000). The decrease in turnover is mainly due to the weak non-smartphone market. The Group has taken various measures to diversify its product range with an objective to increase its market shares and further enhance the profit margin, including trading and licensed distribution in smartphone business. These measures improved the performance of the trading business in the second half of the year 2012.

Technology

The automation and mobile handset projects involve substantial capital investments and resources while market environment in the short-term to medium-term still remain uncertain and the competition is very keen. The Group will consider investment in these projects only if the business risks can be certainly managed and controlled.

MARKET OUTLOOK AND PROSPECTS

In 2012, Phase 2 of the Project started to deliver to the customers which resulted in the upsurge of the turnover and profit of the Group. While the Board is optimistic about the long term property market in the PRC, it is expected that increased complication and tightening property market measure imposed by the PRC government would result in additional investment risk on the developers.

In 2013, a new round of economic development opportunities will be started. The deepening of urbanization and different demand in each city will provide the growth opportunities in the real estate business. The Board will actively seek further investment opportunities in the PRC to provide sustainable growth of the Company while closely monitor future market trends and respond to market changes in a prudent and pro-active manner to mitigate the investments risk in particular those caused by the increasing measures towards property markets of the PRC Government.

FINANCIAL REVIEW

For the year ended 31 December 2012, the Group achieved a turnover of approximately RMB979,424,000 (2011: RMB214,480,000) which represented an increase of approximately 357%. The profit attributable to owners of the Company was increased by 359% to approximately RMB103,489,000 (2011: RMB22,529,000). The upsurges in the turnover and profit are mainly attributable to the recognition of sales from the Phase 2 of the Project. During the year, over 50% (based on the gross floor area) of the residential properties were delivered and recognised as sales. The remaining properties that were contracted for pre-sale will continue to be delivered and recognised as turnover in 2013.

In 2012, the Group's operating activities generated a net cash inflow of approximately RMB255,733,000 (2011: RMB354,901,000) which was mainly comprised of receipts from the sales of Phase 2 of the Project. At 31 December 2012, the total amount of bank balance and cash was approximately RMB196,668,000 (2011: RMB228,991,000, including restricted bank deposits of RMB92,298,000).

At 31 December 2012, the total assets of the Group was approximately RMB1,505,156,000 (2011: RMB1,737,392,000), representing a decrease of approximately 13%. The decrease was mainly due to the sales of properties of the Project Phase 2. At 31 December 2012, the Group's total borrowings decreased to approximately RMB13,198,000 (2011: RMB99,357,000) as a result of repayment of construction loan during the year.

At 31 December 2012, the gearing ratio, expressed as a percentage of total borrowings over net assets was 3% (2011: 30%). The current ratio was 1.3 (2011: 1.3).

FINANCE COSTS

For the year ended 31 December 2012, the finance costs were approximately RMB11,475,000 (2011: RMB24,525,000). The charge comprised mainly of imputed interest expense on consideration payable in relating to the acquisition of the 50% interests in Zhuhai Zhongzhu Real Estate Development Co., Ltd. ("Zhuhai Zhongzhu") of approximately RMB4,652,000 (2011: RMB18,491,000) and interests expenses on convertible bonds of approximately RMB5,164,000 (2011: RMB5,318,000).

CAPITAL STRUCTURE

The issued ordinary share capital of the Company at 31 December 2012 was approximately HK$94,145,000 (2011: HK$85,198,000) divided into 941,453,683 shares (2011: 851,980,000 shares) of HK$0.10 each. At 31 December 2012, the issued convertible redeemable preference shares was HK$27,500,000 (2011: HK$35,000,000) divided into 275,000,000 shares (2011:350,000,000 shares) of HK$0.10 each and the convertible redeemable preference A shares was HK$10,000,000 (2011: HK$11,000,000) divided into 100,000,000 shares (2011: 110,000,000 shares) of HK$0.10 each. During the year ended 31 December 2012, 75,000,000 convertible redeemable preference shares and 10,000,000 convertible redeemable preference A shares were converted into approximately 78,947,368 and 10,526,315 ordinary shares respectively.

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

At 31 December 2012, certain of the Group's investment properties, properties under development and leasehold land and buildings with an aggregate net carrying value of approximately RMB193,126,000 (2011: RMB995,884,000) were pledged to banks for securing convertible bonds, revolving loans, general banking facilities and banking facilities of construction loan granted to certain subsidiaries of the Company. At 31 December 2012, facilities amounts of approximately RMB13,198,000 (2011: RMB99,357,000) were utilised and approximately RMB803,000 (2011: RMB810,000) were unutilised and available for the Group's future financing.

SEGMENT INFORMATION

The details of segment information are set out in Note 4 of this announcement.

CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 31 December 2012.

EMPLOYEE AND REMUNERATION POLICIES

At 31 December 2012, the Group employed 56 full time employees (2011: 53) in Hong Kong and the PRC. 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.

LITIGATIONS AND CONTINGENT LIABILITIES

(a) On 12 December 2009, the Company received a writ of summons from Global Tide Limited ("Global Tide"). Global Tide brought civil action in the High Court of the Hong Kong Special Administrative Region against the Company for compensation and damages of approximately HK$8,834,000 (the "Claim") in relation to the disposal of its former wholly-owned subsidiary, Magic Gain Investments Limited. Details of the Claim are set out in the announcement of the Company dated 16 December 2009.

On 31 January 2012, Global Tide filed an amended statement of claim in the High Court. Pursuant to which the claim was revised and reduced to HK$7,967,000. The Company decided to defend against the Claim and obtained legal advice in respect of the merits of the Claim. The directors of the Company expect that there will not be any material adverse financial effect on the earnings, net assets and liabilities of the Company and its subsidiaries.

(b) The Group provided guarantees amounted to approximately RMB428,962,000 (2011: RMB266,904,000) for the repayment of the mortgage bank loans granted to purchasers of the Group's properties. Such guarantees will be released by banks upon the delivery of the properties to the purchasers or completion of the relevant mortgage properties registration.

In the opinion of the directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and at the end of the reporting period on the basis of short maturity periods and possibility of low default rate. Accordingly, no value has been recognised in the consolidated statement of financial position as at 31 December 2012 and 2011.

(c) On 31 January 2013, an indirectly wholly-owned subsidiary, 德維森實業（深圳）有限公司 received a writ of summons from 廣東國暉律師事務所 in relation to the full payment of a legal fee of RMB18,000,000 for the professional services rendered for the investigation of an investment in a trust company.

The Company decided to defend against and obtained legal advice in respect of the merits of the claim. The directors of the Company expect that there will not be any material adverse financial effect on the earnings, net assets and liabilities of the Company and its subsidiaries.

DIVIDEND

The Board does not recommend any payment of dividend for the year ended 31 December 2012.

CORPORATE GOVERNANCE

The Company's corporate governance practices are based on the principles and code provisions ("Code Provisions") set out in the Code of Corporate Governance Practices (the "Former CG Code") which was subsequently revised as the Corporate Governance Code (the "Revised CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and came into full effect on 1 April 2012.

Throughout the year under review, the Company has complied with all of the Code Provisions of the Former CG Code for the period from 1 January 2012 to 31 March 2012 and of the Revised CG Code for the period from 1 April 2012 to 31 December 2012.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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 of the Company confirm that all Directors have complied with the required standard set out in the Model Code during the year under review.

PURCHASES, 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 ended 31 December 2012.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the requirements as set out in the Listing Rules for the purposes of reviewing and supervising the financial reporting process and internal controls of the Group. The audit committee currently comprises Mr. POON Lai Yin, Michael (Chairman), Mr. CHAN Chun Fai and Mr. NG Kwok Chu, Winfield. The audit committee has reviewed and discussed with the management and the external auditors the financial reporting matters including the annual results for the year ended 31 December 2012.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is available for viewing at the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and at the website of the Company at www.chinauptown.com.hk. The annual report 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, 27 March 2013

As at the date of this announcement, the Board comprises Executive Directors, Mr. Liu Feng, Mr. Chen Xian, Mr. Lau Sai Chung and Ms. Xia Dan and Independent Non-executive Directors, Mr. Poon Lai Yin, Michael, Mr. Ng Kwok Chu, Winfield and Mr. Chan Chun Fai.