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 2013

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 2013.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2013

	Notes	**2013** *RMB'000*	2012 *RMB'000*
Continuing operations			
Turnover	3	**582,990**	979,424
Cost of sales		**(355,257)**	(628,113)
Gross profit		**227,733**	351,311
Other operating income	3	**644**	1,844
Change in fair value of investment properties		**4,000**	20,100
Change in fair value of convertible bonds		**(11,833)**	(4,139)
Loss on early redemption of a convertible bond		**(7,333)**	–
Settlement of a legal claim		**(4,746)**	–
Gain on disposal of subsidiaries		**92,855**	–
Selling and distribution costs		**(5,143)**	(14,468)
Administrative expenses		**(21,516)**	(25,356)
Finance costs		**(5,746)**	(11,475)
Profit before taxation		**268,915**	317,817
Income tax expense	5	**(113,255)**	(176,921)
Profit for the year from continuing operations		**155,660**	140,896
Discontinued operation			
Profit for the year from discontinued operation	6	**24,242**	–
Profit for the year	7	**179,902**	140,896

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*
For the year ended 31 December 2013

	Note	**2013** **RMB'000**	2012 *RMB'000*
Profit for the year attributable to owners of the Company			
– from continuing operations		**133,206**	103,489
– from discontinued operation		**24,242**	–
Profit for the year attributable to owners of the Company		**157,448**	103,489
Profit for the year attributable to non-controlling interests			
– from continuing operations		**22,454**	37,407
– from discontinued operation		**–**	–
Profit for the year attributable to non-controlling interests		**22,454**	37,407
		179,902	140,896
Earnings per share	*9*		
From continuing and discontinued operations			
Basic		**RMB16.72 cents**	RMB11.99 cents
Diluted		**RMB11.78 cents**	RMB7.74 cents
From continuing operations			
Basic		**RMB14.15 cents**	RMB11.99 cents
Diluted		**RMB9.97 cents**	RMB7.74 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013	2012
	RMB'000	*RMB'000*
Profit for the year	**179,902**	140,896
Other comprehensive income, net of income tax		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations:		
– Exchange gain arising during the year	**10,774**	3,538
– Reclassification cumulative translation reserve upon disposal of subsidiaries to profit or loss	**(33,218)**	–
	157,458	144,434
Total comprehensive income attributable to:		
Owners of the Company	**135,004**	107,027
Non-controlling interests	**22,454**	37,407
	157,458	144,434

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment		**28,435**	29,683
Investment properties		**179,800**	175,800
Prepaid lease payments		**228**	234
Goodwill		**–**	184,231
Available-for-sale investments		**–**	–
		208,463	389,948
Current assets			
Inventories		**–**	3,174
Properties under development		**–**	–
Properties held for sale		**–**	746,701
Trade and other receivables	*10*	**4,198**	18,606
Refundable deposit paid for a possible acquisition		**140,000**	150,000
Prepaid lease payments		**6**	6
Held-to-maturity investments		**–**	–
Held-for-trading investments		**63**	53
Income tax recoverable		**178**	–
Bank balances and cash		**179,013**	196,668
		323,458	1,115,208
Current liabilities			
Trade and other payables	*11*	**9,088**	541,866
Income tax payable		**–**	147,951
Secured bank borrowings		**7,018**	13,198
Convertible bonds		**–**	132,405
Consideration payable		**–**	48,815
		16,106	884,235
Net current assets		**307,352**	230,973
Total assets less current liabilities		**515,815**	620,921

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
At 31 December 2013

	2013	2012
	RMB'000	*RMB'000*
Capital and reserves		
Ordinary share capital	**88,424**	88,424
Convertible redeemable preference shares	**152,006**	152,006
Reserves	**260,709**	125,705
Equity attributable to owners of the Company	**501,139**	366,135
Non-controlling interests	**(4,328)**	62,912
Total equity	**496,811**	429,047
Non-current liabilities		
Convertible bonds	**–**	179,782
Deferred taxation	**19,004**	12,092
	19,004	191,874
	515,815	620,921

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 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 that are measured at fair value at the end of each reporting period.

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

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

Except as described below, the application of the new and revised 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 HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

a) recognised financial instruments that are set off in accordance with HKAS 32 Financial Instruments: Presentation; and

b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

As the Group does not have any offsetting arrangements or any master netting agreements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in these consolidated financial statements.

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

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 Consolidated Financial Statements, HKFRS 11 Joint Arrangements, HKFRS 12 Disclosure of Interests in Other Entities, HKAS 27 (as revised in 2011) Separate Financial Statements and HKAS 28 (as revised in 2011) Investments in Associates and Joint Ventures, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC) – Int 12 Consolidation – Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

As a result of the initial application of HKFRS 10, the directors of the Company made an assessment whether the Group has control over its investees at the date of initial application and concluded that the application of HKFRS 10 does not result in any change in control conclusions.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures, and the guidance contained in a related interpretation, HK(SIC) – Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply 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 for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 Presentation of Items of Other Comprehensive Income. Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the '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. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are 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 have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

HKAS 19 Employee Benefits (as revised in 2011)

In the current year, the Group has applied HKAS 19 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time.

HKAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a 'net interest' amount under HKAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years (see the tables below for details). In addition, HKAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Specific transitional provisions are applicable to first-time application of HKAS 19 (as revised in 2011). The Group has applied the relevant transitional provisions and no significant impact on the consolidated financial statements.

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 2010 – 2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[2]
HKFRS 9	Financial Instruments[4]
HKFRS 14	Regulatory Deferral Accounts[3]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) -Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
4 HKFRS 9, as amended in December 2013, amended the mandatory effective date of HKFRS 9. The mandatory effective date is not specified in HKFRS 9 but will be determined when the outstanding phases are finalised. However, application of HKFRS 9 is permitted.

Annual Improvements to HKFRSs 2010-2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010-2012 Cycle will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011-2013 Cycle

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011-2013 Cycle will have a material effect on the Group's consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be 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 introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

The effective date of HKFRS 9 is not yet determined. However, earlier application is 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 (e.g. the Group's investment in private equity security classified as available-for-sale investment may have to be measured at fair value at the end of subsequent reporting periods, with changes in fair value being recognised in profit or loss.)

Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting 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 have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

The directors of the Company do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements as the Company is not an investment entity.

Amendments to HKAS 32 Offsetting Financial Assets

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 directors of the Company do not anticipate that the application of these amendments to HKAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The directors of the Company do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Group's consolidated financial statements.

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative hedging instrument arising from the novation should be included in the assessment of hedge effectiveness.

The directors of the Company do not anticipate that the application of these amendments to HKAS 39 will have any effect on the Group's consolidated financial statements as the Group does not have any derivatives that are subject to novation.

HK (IFRIC) – Int 21 Levies

HK (IFRIC) – Int 21 Levies addresses the issue of when to recognise a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The directors of the Company anticipate that the application of HK (IFRIC) – Int 21 will have no effect on the Group's consolidated financial statements as the Group does not have any levy arrangements.

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:

	2013	2012
	RMB'000	*RMB'000*
Turnover		
Sales of automation products and electronic components	**33,733**	67,292
Sales of properties	**542,138**	904,409
Gross rental income from investment properties *(note)*	**7,119**	7,723
	582,990	979,424
Other operating income		
Bank interest income	**488**	850
Exchange gain, net	**–**	85
Gain on disposal of plant and equipment	**110**	–
Gain on disposal of investment properties	**–**	316
Change in fair value held-for-trading investment	**10**	–
Reversal of impairment loss recognised in respect of inventories	**–**	464
Sundry income	**36**	129
	644	1,844
Total revenues	**583,634**	981,268

Note:

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

	2013	2012
	RMB'000	*RMB'000*
Gross rental income from investment properties	**7,119**	7,723
Less: outgoings (included in cost of sales)	**(1,624)**	(1,498)
Net rental income from investment properties	**5,495**	6,225

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.

Technology segment, which was reported in prior year, was discontinued in the current year (details are set out in note 6). Accordingly, the Group's reportable and operating segments under HKFRS 8 are as follows:

Property development – Development of properties in 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.

(a) Segment revenues and results

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

Continuing operation	Property development		Property investment		Trading		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Turnover	**542,138**	904,409	**7,119**	7,723	**33,733**	67,292	**582,990**	979,424
Segment profit (loss)	**308,616**	325,579	**9,172**	25,477	**(9,630)**	(548)	**308,158**	350,508
Change in fair value of convertible bonds							**(11,833)**	(4,139)
Change in fair value of held-for-trading investments							**10**	(164)
Loss on early redemption of a convertible bond							**(7,333)**	–
Bank interest income							**488**	850
Equity-settled share-based payment expenses							**–**	(3,742)
Gain on disposal of property, plant and equipment							**110**	–
Settlement of a legal claim							**(4,746)**	–
Unallocated corporate expenses							**(10,193)**	(14,021)
Finance costs							**(5,746)**	(11,475)
Profit before taxation (continuing operations)							**268,915**	317,817

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, loss on early redemption of a convertible bond, gain on disposal of property, plant and equipment, settlement of a legal claim, 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 2013, 100% (2012: 100%) of the Group's revenue and assets were derived from customers and operations based in the People's Republic of China (the "PRC") including Hong Kong (country of domicile) and accordingly, no further analysis of the Group's geographical information is disclosed.

(c) For the year ended 31 December 2013 and 2012, no revenue from customers contributing over 10% of the total revenue of the Group.

5. INCOME TAX EXPENSE

	2013	2012
	RMB'000	*RMB'000*
Continuing operations		
Current tax:		
Hong Kong Profits Tax		
Over-provision in prior years	**–**	(14)
	–	(14)
PRC Enterprise Income Tax		
Provided for the year	**60,268**	92,820
Over-provision in prior years	**(1,582)**	–
	58,686	92,806
PRC Land Appreciation Tax ("LAT") *(note c)*	**53,965**	90,032
Withholding tax *(note d)*	**–**	12,500
Deferred taxation		
– Current year	**604**	(18,417)
	113,255	176,921

Notes:

(a) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years ended 31 December 2013 and 2012.

No provision for Hong Kong Profits Tax has been made for the both years ended 31 December 2013 and 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.

During the year ended 31 December 2012, a PRC subsidiary declared dividends of RMB200,000,000 (2013: 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% were 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 profit or loss as follows:

	2013	2012
	RMB'000	*RMB'000*
Profit before taxation (from continuing operations)	**268,915**	317,817
Tax calculated at rates applicable to profits in the respective tax jurisdiction concerned	**67,880**	82,159
LAT	**53,965**	90,032
Overprovision in prior years	**(1,582)**	(14)
Tax effect of expenses not deductible for tax purpose	**9,598**	7,048
Tax effect of income not taxable for tax purpose	**(20,967)**	(325)
Withholding tax	**–**	12,500
Withholding tax on undistributed profit of a subsidiary	**12,403**	4,194
Tax effect of tax losses not recognised	**905**	104
Tax effect of LAT	**(8,947)**	(18,777)
Income tax expense	**113,255**	176,921

6. DISCONTINUED OPERATION

Disposal of technology operation

On 30 April 2013, the Company disposed of its 100% interest in Realtop Limited (the "Realtop") and a subsidiary of Realtop (collectively refer to as the "Realtop Group") and non-interest bearing shareholder's loan at a consideration of HK$230,000 (equivalent to approximately RMB183,000) to an independent third party not connected to the Group. Upon completion, the Company ceased to hold any interest in the Realtop Group. As the Realtop Group carried out all of the Group's technology operation, this business segment is presented as discontinued operation.

The result for the year from the discontinued technology operation is set out below.

	2013	2012
	RMB'000	*RMB'000*
Result of technology operation for the year	**–**	–
Gain on disposal of technology operation	**24,242**	–
	24,242	–

7. PROFIT FOR THE YEAR

Profit for the year from continuing operations has been arrived at after charging (crediting):

	2013	2012
	RMB'000	*RMB'000*
Staff cost (including directors' emoluments):		
Salaries, wages and other benefits in kind	**8,970**	8,915
Retirement benefits scheme contributions	**435**	723
Equity-settled share-based payment expenses	**–**	3,742
	9,405	13,380
Amortisation of prepaid lease payments	**6**	6
Auditor's remuneration	**783**	888
Change in fair value of held-for-trading investments (included in administrative expenses)	**–**	164
Cost of inventories recognised as expenses (included in cost of sales)	**356,819**	628,192
Depreciation of property, plant and equipment	**1,257**	1,778
Exchange loss, net	**249**	–
Impairment loss recognised in respect of trade receivables (included in administrative expenses)	**2,828**	31
Impairment loss recognised in respect of inventories (included in cost of sales)	**2,900**	–
Reversal of impairment loss recognised in respect of inventories (included in cost of sales)	**(4,462)**	–
Reversal of impairment loss recognised in respect of properties held for sale (included in cost of sales)	**–**	(1,577)
Operating lease rentals of equipment	**9**	9
Operating lease rentals of rental premises	**33**	193

8. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2013, nor has any dividend been proposed since the end of the reporting period (2012: nil).

9. EARNINGS PER SHARE

From continuing and discontinued operations

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

	2013	2012
	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	**157,448**	103,489

	2013	2012
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**941,454**	863,011
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**	473,180
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,336,191**	1,336,309

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 2013.

(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 2013 and 2012.

From continuing operations

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

Earnings figures are calculated as follows:

	2013 *RMB'000*	2012 *RMB'000*
Earnings		
Profit for the year attributable to owners of the Company	**157,448**	103,489
Less: Profit for the year from discontinued operation	**(24,242)**	–
Earnings for the purpose of basic and diluted earnings per share for the year attributable to the owners of the Company	**133,206**	103,489

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operation

Basic earnings per share for the discontinued operation is RMB2.57 cents per share (2012: nil) and diluted earnings per share for the discontinued operation is RMB1.81 cents per share (2012: nil), based on the profit for the year from the discontinued operation of RMB24,242,000 (2012: nil) and the denominators detailed above for both basic and diluted earnings per share.

10. TRADE AND OTHER RECEIVABLES

	2013 *RMB'000*	2012 *RMB'000*
Trade receivables	**9,972**	12,015
Less: impairment loss recognised	**(7,292)**	(5,172)
	2,680	6,843
Prepayments, deposits and other receivables	**2,022**	14,330
Less: impairment loss recognised	**(504)**	(2,567)
	1,518	11,763
	4,198	18,606

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.

	2013	2012
	RMB'000	*RMB'000*
Within 60 days	**105**	6,843
91-365 days	**2,575**	–
	2,680	6,843

(b) Included in the Group's trade receivables balance were debtors with aggregate carrying amount of approximately RMB2,575,000 as at 31 December 2013 (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

	2013	2012
	RMB'000	*RMB'000*
91-365 days	**2,575**	–

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

	2013	2012
	RMB'000	*RMB'000*
At beginning of the year	**5,172**	5,187
Exchange realignment	**(157)**	(46)
Eliminated on disposal of subsidiaries	**(551)**	–
Recognised during the year	**2,828**	31
At end of the year	**7,292**	5,172

At 31 December 2013, included in the impairment loss are individually impaired trade receivables with an aggregate balance of approximately RMB7,292,000 (2012: RMB5,172,000) which are due to long outstanding.

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

	2013	2012
	RMB'000	*RMB'000*
At beginning of the year	**2,567**	2,575
Exchange realignment	**(11)**	(8)
Eliminated on disposal of subsidiaries	**(2,052)**	–
At end of the year	**504**	2,567

At 31 December 2013, included in the impairment loss are individually impaired other receivables with an aggregate balance of approximately RMB504,000 (2012: RMB2,567,000) which are due to long outstanding.

11. TRADE AND OTHER PAYABLES

	2013 RMB'000	2012 RMB'000
Trade payables	**5,614**	41,335
Receipts in advance *(note iii)*	**–**	482,217
Accrued expenses and other payables	**3,474**	18,314
	9,088	541,866

Notes:

(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:

	2013 RMB'000	2012 RMB'000
Within 60 days	**–**	40,904
61 – 90 days	**–**	60
91 – 365 days	**5,614**	5
Over 365 days	**–**	366
	5,614	41,335

(iii) Receipts in advance represented sales proceeds received from buyers in connection with the Group's pre-sale of properties as at 31 December 2012 and was eliminated on disposal of subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Property Development

With reference to the announcement of the Company dated 15 May 2013 and 28 June 2013 and the circular of the Company dated 31 May 2013, the Group disposed the property development project – Zhongzhu Uptown which is situated in Zhuhai, Guangdong Province, the PRC during the year. Zhongzhu Uptown was developed in two phases. Approximately 72% of its residential and commercial properties of Zhongzhu Uptown Phase 2 were sold prior to the disposal date.

In the year, total revenue attributable to the property development business amounted to approximately RMB542,138,000 (2012: RMB904,409,000).

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 RMB7,119,000 (2012: RMB7,723,000). Net gain on change in fair value of investment properties amounted to approximately RMB4,000,000 (2012: RMB20,100,000).

At 31 December 2013, 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 related components, mobile phone modules and imported automation products. The total revenue from the trading business for the year amounted to approximately RMB33,733,000 (2012: RMB67,292,000). The decline in the turnover is mainly due to the weakened market of mobile phone in the PRC. The Group is taking various measures to diversify the product range with an objective to rebuild the market share and further enhance the profit margin, including exploring the opportunity in trading and licensed distribution in smartphone business and overseas markets as well as diversify the business into other electronic component market.

MARKET OUTLOOK AND PROSPECTS

In 2014, the deepening of urbanisation and different demand in each city in the PRC will provide the growth opportunities in the real estate business. While the PRC government may continue to impose strict property market measures, the Board is optimistic in the long term residential property market sector.

Reference is made to the announcement of the Company dated 25 February 2014. On 25 February 2014, Uni-Business Company Limited (a wholly owned subsidiary of the Company) has entered into a sale and purchase agreement to acquire the entire equity interest of 深圳市隆盛行供應鏈有限公司 (Shenzhen Longshenghang Supply Chain Limited*) which owned 90% equity interest of 茂名市華大房地產開發有限公司 (Maoming Huada Real Estate Limited Company*) ("Maoming Huada"). The consideration of the acquisition is RMB300,000,000 (including a refundable deposit of RMB140,000,000 which have already been paid by the Company to the vendor).

Maoming Huada owned a piece of land in Maoming, Guangdong Province, the PRC with a total area of approximately 93,000 square meters and will be developed into a residential and commercial complex with car parking spaces. The project will be developed in three phases and is planned to be completed in 2016 and 2017. It is expected that the consideration will be financed by the internal resources of the Group. Details of the property development project are disclosed in the Company's announcement dated 25 February 2014.

The Board will actively explore other potential property development projects or other investment opportunities that will enhance the performance of the Group. The Board will closely monitor market trends and risks, and respond to changes in a pro-active manner, especially those risk caused by the increasing measures towards property markets in the PRC.

* English name for identification purpose only.

MATERIAL DISPOSAL

During the year ended 31 December 2013, the Group has disposed its equity interests in Boom Lotus Holdings Limited (the "Disposal") which indirectly held the entire interests of Zhongzhu Uptown property project. For details, please refer to the announcements of the Company dated 15 May 2013 and 28 June 2013 and the circular of the Company dated 31 May 2013.

FINANCIAL REVIEW

For the year ended 31 December 2013, the Group achieved a turnover of approximately RMB582,990,000 (2012: RMB979,424,000) which represented an decrease of approximately 40%. The turnover is mainly attributable to the recognition of sales from the Phase 2 of Zhongzhou Uptown. During the year approximately 26%, and in aggregate 72% (based on the gross floor area) of the residential and commercial properties of Zhongzhu Uptown Phase 2 were delivered and recognised as sales. The decrease in the turnover is mainly due to the peak of the delivery of the properties was in 2012 and the Disposal.

The profit attributable to owners of the Company was increased by 52% to approximately RMB157,448,000 (2012: RMB103,489,000). The upsurge of the profits is mainly due to the recognition of disposal gain of the property project in Zhuhai amounted to approximately RMB92,855,000 (2012: Nil).

In 2013, the Group's operating activities generated a net cash inflow of approximately RMB189,971,000 (2012: RMB255,733,000) which was mainly comprised of receipts from the sales of Phase 2 of the project in Zhuhai. At 31 December 2013, the total amount of bank balance and cash was approximately RMB179,013,000 (2012: RMB196,668,000).

At 31 December 2013, the total assets of the Group was approximately RMB531,921,000 (2012: RMB1,505,156,000), representing a decrease of approximately 65%. The decrease was mainly due to the Disposal.

At 31 December 2013, the Group's total borrowings decreased to approximately RMB7,018,000 (2012: RMB13,198,000). At 31 December 2013, the gearing ratio, expressed as a percentage of total borrowings over net assets was 1% (2012: 3%). The current ratio was 20 (2012: 1.3).

FINANCE COSTS

For the year ended 31 December 2013, the finance costs were approximately RMB5,746,000 (2012: RMB11,475,000). The charge comprised mainly of interests expenses on convertible bonds of approximately RMB4,641,000 (2012: RMB5,164,000) and imputed interest expense on consideration payable in relating to the acquisition of the 50% interests in Zhuhai Zhongzhu Real Estate Development Co., Ltd. of approximately RMB669,000 (2012: RMB4,652,000).

CAPITAL STRUCTURE

The issued ordinary share capital of the Company at 31 December 2012 and 2013 was approximately HK$94,145,000 divided into 941,453,683 shares of HK$0.10 each. At 31 December 2012 and 2013, the issued convertible redeemable preference shares was HK$27,500,000 divided into 275,000,000 shares of HK$0.10 each and the convertible redeemable preference A shares was HK$10,000,000 divided into 100,000,000 shares of HK$0.10 each.

FOREIGN CURRENCY EXPOSURE

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

CHARGE ON ASSETS

At 31 December 2013, certain of the Group's leasehold land and buildings with an aggregate net carrying value of approximately RMB16,471,000 (2012: certain of the Group's investment properties and leasehold land and buildings of RMB204,787,000) were pledged to banks for securing general banking facilities granted to certain subsidiaries of the Company. At 31 December 2013, bank facilities of amounts of approximately RMB7,018,000 (2012: RMB13,198,000) were utilised and approximately RMB4,688,000 (2012: RMB803,000) were unutilised and available for the Group's future financing.

EVENT AFTER THE REPORTING PERIOD

With reference to the announcement of the Company dated 25 February 2014, subsequent to 31 December 2013, the Company entered into a sale and purchase agreement with Mr. Huang Shibao, an independent third party not connected with the Group for the acquisition of the entire equity interest in Shenzhen Longshenghang Supply Chain Limited, which holds 90% equity interest in Maoming Huada Real Estate Limited Company.

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 2013.

EMPLOYEE AND REMUNERATION POLICIES

At 31 December 2013, the Group employed 16 full time employees (2012: 56) 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 is revised and reduced to HK$7,967,000.

   On 2 October 2013, the Company entered into a settlement agreement ("Settlement Agreement") with Global Tide pursuant to which the Company shall pay HK$6,000,000 on 3 October 2013 to Global Tide for settlement of all claims, liabilities and/or obligations in relation to or arising from the Claim. The performance of the Settlement Agreement having been duly completed and upon the joint application of the Company and Global Tide, the High Court made an order on 10 October 2013 for dismissal of the Claim. Details of the settlement are set out in the announcement of the Company dated 11 October 2013.

b) 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 the Trust Company.

   The Company decided to defend against and obtained legal advice in respect of the merits of the claim. The Directors 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 2013.

CORPORATE GOVERNANCE

The Company's corporate governance practices are based on the principles and code provisions ("Code Provisions") set out in the Corporate Governance Code (the "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").

Throughout the year under review, the Company has complied with all of the Code Provisions of the CG Code.

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 2013.

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 2013.

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, 18 March 2014

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.