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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 2018

The board (the "Board") of directors (the "Directors") of China Uptown Group Company Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2018 (the "Year").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

	NOTES	2018 RMB'000	2017 RMB'000
Revenue	3	**90,251**	615,899
Cost of sales		**(74,627)**	(496,338)
Gross profit		**15,624**	119,561
Other income	5	**413**	296
Fair value change on investment properties		**(4,853)**	43,644
Fair value change on held-for-trading investment		**–**	(13)
Fair value change on financial asset at fair value through profit or loss		**(6)**	–
Selling and marketing expenses		**(6,445)**	(7,796)
Administrative expenses		**(31,299)**	(35,477)
Finance costs		**(2,798)**	(6,701)
(Loss) profit before taxation		**(29,364)**	113,514
Income tax expense	6	**(6,656)**	(60,898)
(Loss) profit for the year	7	**(36,020)**	52,616

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(CONTINUED)*

For the year ended 31 December 2018

	NOTE	**2018** **RMB'000**	2017 RMB'000
(Loss) profit for the year attributable to:			
Owners of the Company		**(34,461)**	44,702
Non-controlling interests		**(1,559)**	7,914
		(36,020)	52,616
(Loss) earnings per share (in RMB cents)	*9*		
– Basic		**(2.16)**	2.93
– Diluted		**(2.16)**	2.93

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	2018	2017
	RMB'000	*RMB'000*
(Loss) profit for the year	**(36,020)**	52,616
Other comprehensive (expense) income		
Item that will not be reclassified to profit or loss:		
Exchange differences arising on translation of functional currency to presentation currency	**9,482**	(7,574)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations	**(11,802)**	9,844
	(2,320)	2,270
Total comprehensive (expense) income for the year	**(38,340)**	54,886
Total comprehensive (expense) income attributable to:		
Owners of the Company	**(36,781)**	46,972
Non-controlling interests	**(1,559)**	7,914
	(38,340)	54,886

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	NOTES	**2018** *RMB'000*	2017 *RMB'000*
Non-current Assets			
Investment properties		**88,962**	93,815
Property, plant and equipment		**19,051**	19,030
		108,013	112,845
Current Assets			
Properties under development		**–**	744,072
Properties held for sale		**1,311,519**	394,860
Other receivables	*10*	**10,875**	83,328
Financial asset at fair value through profit or loss		**21**	–
Held-for-trading investment		**–**	27
Tax recoverable		**6,512**	–
Restricted bank deposit		**8,169**	8,015
Pledged bank deposits		**38,085**	12,908
Bank balances and cash		**52,422**	26,322
		1,427,603	1,269,532
Current Liabilities			
Trade and other payables	*11*	**71,455**	564,953
Contract liabilities	*2.1*	**766,958**	–
Loan payables		**33,225**	16,656
Amount due to a director		**2,862**	2,714
Tax payable		**–**	20,919
Secured bank borrowings		**11,776**	119,304
		886,276	724,546
Net Current Assets		**541,327**	544,986
Total Assets Less Current Liabilities		**649,340**	657,831
Non-current Liability			
Deferred tax liabilities		**55,841**	63,436
Net Assets		**593,499**	594,395

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)
As at 31 December 2018

	2018	2017
	RMB'000	*RMB'000*
Capital and Reserves		
Share capital	**161,569**	136,015
Reserves	**395,453**	420,344
Equity attributable to owners of the Company	**557,022**	556,359
Non-controlling interests	**36,477**	38,036
Total Equity	**593,499**	594,395

NOTES:

1. BASIS OF PREPARATION

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

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

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

2. APPLICATION OF NEW AND REVISED HKFRSs

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

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

2.1 *Impacts and change in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")*

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Sales of properties

- Leasing of investment properties

Revenue from sales of properties is accounted for under HKFRS 15 from 1 January 2018, whereas revenue from leasing of investment of properties continues to be accounted for in accordance with HKAS 17 *Leases*.

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	Carrying amounts previously reported at 31 December 2017	Reclassification	Carrying amounts under HKFRS 15 at 1 January 2018
	RMB'000	*RMB'000*	*RMB'000*
Current Liabilities			
Trade and other payables	564,953	(445,462)	119,491
Contract liabilities	–	445,462	445,462

Note: As at 1 January 2018, receipt in advance from customers of RMB445,462,000 in respect of contracts relating to sales of property and sales of raw sugar previously included in trade and other payables were reclassified to contract liabilities.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 and its consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

		As reported	Adjustments	Amounts without application of HKFRS 15
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Current Liabilities				
Trade and other payables	*11*	71,455	766,958	838,413
Contract liabilities		766,958	(766,958)	–

Impact on the consolidated statement of cash flows

	As reported	Adjustments	Amounts without application of HKFRS 15
	RMB'000	*RMB'000*	*RMB'000*
Operating cash flows before movements in working capital			
Decrease in trade and other payables	(48,612)	321,496	272,884
Increase in contract liabilities	321,496	(321,496)	–

The application of HKFRS 15 has no significant impact on the timing and amounts of revenue in the current year and accumulated losses at 1 January 2018.

2.2 Impacts and change in accounting policies of application on HKFRS 9 Financial Instruments ("HKFRS 9")

In the current year, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities; 2) expected credit losses ("ECL") for financial assets and financial guarantee; and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Summary of effects arising from initial application of HKFRS 9

Impairment under ECL model

Except for those which had been determined as credit impaired under HKAS 39, ECL for the Group's financial assets at amortised cost, including restricted bank deposit, pledged bank deposits, other receivables and bank balances, are assessed on 12-month expected credit losses ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018 and 31 December 2018, no additional credit loss allowance has been recognised against accumulated losses as the amount involved is insignificant

3. REVENUE

For the year ended 31 December 2018

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

	2018
	RMB'000
Sales of properties	**88,324**
Rental income	**1,927**
	90,251

For the year ended 31 December 2017

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

	2017
	RMB'000
Sales of properties	546,659
Sales of raw sugar	68,558
Rental income	682
	615,899

The amount of direct outgoings in relation to the leasing of properties is insignificant.

4. SEGMENT INFORMATION

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

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

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

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

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

Segment revenues and results

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

For the year ended 31 December 2018

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

For the year ended 31 December 2017

	Property development and investment *RMB'000*	Trading of raw sugar *RMB'000*	Total *RMB'000*
Revenue	547,341	68,558	615,899
Segment profit	132,739	2,274	135,013
Bank interest income			296
Fair value change on held-for-trading investment			(13)
Finance costs			(458)
Unallocated corporate expenses			(21,324)
Profit before taxation			113,514

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

5. OTHER INCOME

	2018 ***RMB'000***	2017 *RMB'000*
Bank interest income	**413**	296

6. INCOME TAX EXPENSE

	2018	2017
	RMB'000	*RMB'000*
Current tax		
People's Republic of China ("PRC")		
Enterprise Income Tax ("EIT")	**6,825**	37,148
PRC Land Appreciation Tax ("LAT")	**7,426**	32,610
	14,251	69,758
Deferred taxation		
Current year	**(7,595)**	(8,860)
	6,656	60,898

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

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. 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 as the Group's income neither arises in, nor is derived from, Hong Kong.

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

The provision of 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 of land value, with certain allowable exemptions and deductions.

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

7. (LOSS) PROFIT FOR THE YEAR

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

	2018	2017
	RMB'000	*RMB'000*
Directors' remuneration	**7,128**	11,041
Other staff costs	**4,089**	7,803
Retirement benefits scheme contributions	**609**	646
Share-based payment expense for other staff	**–**	1,627
	11,826	21,117
Auditor's remuneration	**1,083**	1,110
Cost of properties held for sale recognised as expenses (included in cost of sales)	**74,627**	432,483
Net foreign exchange loss	**69**	794
Depreciation of property, plant and equipment	**949**	837
Operating lease rentals in respect of equipment	**29**	28

8. DIVIDEND

No dividends were declared and proposed by the Company during the years ended 31 December 2018 and 2017, nor has any dividend been proposed since the end of the reporting period.

9. (LOSS) EARNINGS PER SHARE

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

	2018	2017
	RMB'000	*RMB'000*
(Loss) earnings		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share for the year attributable to owners of the Company	**(34,461)**	44,702
Number of shares		
Weighted average number of share for the purposes of basic and diluted (loss) earning per shares	**1,598,503,397**	1,524,478,520

The computation of diluted earnings per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for both 2018 and 2017.

10. OTHER RECEIVABLES

	2018	2017
	RMB'000	*RMB'000*
Other receivables	**10,554**	16,434
Less: impairment loss recognised	**(429)**	(407)
	10,125	16,027
Deposits and prepayments	**750**	66,086
Other tax recoverable	**–**	1,215
	750	67,301
	10,875	83,328

11. TRADE AND OTHER PAYABLES

	2018	2017
	RMB'000	*RMB'000*
Trade payables	**445**	36,641
Accrued expenditure on construction	**43,192**	51,827
Other payables and accrued charges	**27,818**	31,023
Deposits and receipts in advance from pre-sale of properties	**–**	412,983
Receipts in advance from sales of raw sugar	**–**	32,479
	71,455	564,953

Credit periods granted to the Group by suppliers range from 0 to 90 days.

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

	2018	2017
	RMB'000	*RMB'000*
Within 90 days	**108**	36,502
91 – 365 days	**213**	139
Over 365 days	**124**	–
	445	36,641

MANAGEMENT DISCUSSION AND ANALYSIS

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

Property Development and Investment

During the Year, the revenue attributed to the property development and investment business amounted to approximately RMB90,251,000 (2017: RMB547,341,000) representing sales of properties of approximately RMB88,324,000 (2017: RMB546,659,000) and rental income of approximately RMB1,927,000 (2017: RMB682,000).

The Group owns a property development project located in Maoming City (the "Maoming Project"), Guangdong Province, the People's Republic of China (the "PRC"). The Maoming Project would be developed into a composite of residential and commercial properties in three phases. Majority of commercial and residential properties of phase 1 and 2 of the Maoming Project were delivered and recognised as the revenue of the Group during the year ended 31 December 2017. The construction of phase 3 of the Maoming Project was completed in late 2018 while majority properties contracted for pre-sale will be ready for delivery in 2019. As a result, the financial performance of the property development business, due to reduction of properties delivered during the Year, has declined as compared to 2017.

A portion of the commercial properties of phase 1 and 2 of the Maoming Project of approximately 4,000 square metres was leased and classified as investment properties of the Group. Loss on fair value change on investment properties of approximately RMB4,853,000 (2017: gain of RMB43,644,000) was recorded during the Year.

The residential and commercial properties contracted for pre-sales are as follows:

	Sales amounts *RMB'000*	Percentage *(Note)*
Phase 1 & 2	**52,055**	38%
Phase 3	**761,171**	79%

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

Trading of raw sugar

The Group has commenced its business in trading of raw sugar since late 2014. During the Year, in light of fluctuation in price of raw sugar and increased market risk, no trading of raw sugar was performed. With reference to the announcement dated 22 January 2018 and 14 February 2018 and circular dated 5 March 2018 of the Company, in 2018, the Group has entered into a master agreement and a supplement agreement with China Sugar Holdings Limited ("China Sugar") to purchase raw cane sugar from China Sugar for a period of 34 months ending 31 December 2020. The management of the Company is of the view that such arrangement could enhance the sugar procurement network of the Group, mitigate price risk of raw sugar supply and achieve a more rapid expansion of its trading of raw sugar business.

There is no sales, purchase nor transactions with China Sugar for the period from 1 March 2018 to 31 December 2018 in view of the sugar market fluctuation. To mitigate the business risks, the management taken extra cautions in exploring business opportunity in 2018.

MARKET OUTLOOK AND PROSPECTS

In 2018, the PRC economy remained complicated. Due to the trade dispute between the PRC and the United States of America, the economic performance will remain uncertain in 2019. Moreover, the operating environment of the nationwide real estate market will still be restricted, especially in first tier cities. The central government of the PRC reaffirmed that the real estate market regulation will not be unconditionally wavered.

However, urbanisation in PRC is far from completion. The management of the Company is confident that our real estate project in Maoming City will not be materially affected. In particular (1) good reputation of the Maoming Project; (2) majority of properties of the Maoming Project was contracted for pre-sale; (3) average selling price of phase 3 of the Maoming Project gradually increased during the Year; and (4) the local city transformation created a strong end-user housing demands in the district of the Maoming Project.

The management of the Company is exploring new investments opportunities in properties development business, particularly in other third tier and satellite cities since these will be mostly benefited by the continuous urbanisation in PRC and less affected by real estate market policies.

Regarding the trading of raw sugar business, it is the goal of the Group to expand its supply chain worldwide and to diversify its customer base in the coming years. As described above, securing a steady supply source from China Sugar will significantly improve the overall business flow and enhance the ability of the Group in exploring new customers in the coming years especially when the sugar market become more stable.

FINANCIAL REVIEW

For the Year, the Group's revenue amounted to approximately RMB90,251,000 (2017: RMB615,899,000). The loss attributable to owners of the Company was approximately RMB34,461,000 (2017: profit of RMB44,702,000). The downturn of the revenue and profit were mainly due to the following reasons:

(i) The majority of Phase 1 & 2 of the Maoming Project, in particular the residential properties, was completed and recognised as revenue during the years ended 2016 and 2017. The majority of Phase 3 of the Maoming Project is scheduled to be delivered and recognised as revenue in 2019. As a result, the revenue and profit attributable to properties development business decreased significantly.

(ii) The valuation of the Group's investment properties decreased slightly during the Year while a significant fair value change on investment properties were recorded in 2017 upon the reclassification of investments properties from property held for sale. For the Year, the loss on fair value change on investment properties amounted to approximately RMB4,853,000 (2017: gain of RMB43,644,000); and

(iii) No revenue was attributed to trading of raw sugar due to the underperforming market of raw sugar during the Year.

For the Year, the Group's operating activities generated a net cash inflow of approximately RMB116,262,000 (2017: outflow of RMB10,333,000). As at 31 December 2018, bank balances and cash was approximately RMB52,422,000 (2017: RMB26,322,000), restricted bank deposit was approximately RMB8,169,000 (2017: RMB8,015,000) and pledged bank deposits were approximately RMB38,085,000 (2017: RMB12,908,000).

As at 31 December 2018, the total assets of the Group was approximately RMB1,535,616,000 (2017: RMB1,382,377,000), representing an increase of approximately 11%. The increase was mainly due to further construction of phase 3 of the Maoming Project. As at 31 December 2018, the Group's total secured bank borrowings and loan payables amounted to approximately RMB45,001,000 (2017: RMB135,960,000).

As at 31 December 2018, the gearing ratio, expressed as a percentage of total secured bank borrowings and loan payables over net assets was approximately 8% (2017: 23%) and the current ratio was approximately 1.6 (2017: 1.8).

FINANCE COSTS

For the Year, the finance costs were approximately RMB2,798,000 (2017: RMB6,701,000). For the Year, interest expenses of approximately RMB6,341,000 (2017: RMB5,143,000) was capitalised as properties under development. Finance costs mainly comprised of interests expenses on bank borrowings wholly repayable within five years of approximately RMB485,000 (2017: RMB4,963,000), interests expenses on loan payables of approximately RMB1,097,000 (2017: Nil) and interest expenses on receipt in advance of approximately RMB1,216,000 (2017: RMB1,738,000).

CAPITAL STRUCTURE

The issued ordinary share capital of the Company as at 31 December 2018 was approximately HK$182,469,000 divided into 1,824,690,520 shares of HK$0.10 each.

FUND RAISING ACTIVITY

On 14 September 2018, the Company and Celestial Securities Limited (the "Placing Agent") entered into a placing agreement pursuant to which the Placing Agent has conditionally agreed to place, on a best effort basis, up to 304,800,000 ordinary shares of the Company to not less than six placees to subscribe at HK$0.15 per placing share, for and on behalf of the Company (the "Placing"). The Placing completed on 3 October 2018 that an aggregate of 300,212,000 placing shares have been successfully placed to not less than six placees at the placing price of HK$0.15.

The aggregate gross proceeds and the net proceeds (after deduction of applicable costs and expenses relating to the Placing) from the Placing were approximately HK$45.03 million and HK$43.99 million respectively, (i) of which approximately HK$10 million was used for partial repayment of a secured interest-bearing bank loan; (ii) of which approximately HK$30 million for partial repayment of an unsecured and interest-free loan payable to a related company controlled by a Director; and (iii) of which approximately HK$3.99 million as general working capital of the Company. The Board considers that the Placing represents a good opportunity to (i) strengthen the financial position of the Group; (ii) reduce interest expenses from bank loan; and (iii) broaden the shareholder base of the Company. The Directors consider that the terms of the Placing are fair and reasonable and the Placing is in the interests of the Company and its shareholders as a whole.

FOREIGN CURRENCY EXPOSURE

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

CHARGE ON ASSETS

As at 31 December 2018, certain of the Group's leasehold land and buildings with an aggregate carrying values of approximately RMB16,292,000 (2017: leasehold land and buildings and properties under development of RMB570,919,000) were pledged to banks for securing general banking facilities granted to certain subsidiaries of the Company. As at 31 December 2018, banking facilities of approximately RMB11,776,000 (2017: RMB119,304,000) were utilised and approximately RMB8,780,000 (2017: RMB8,686,000) were unutilised and available for the Group's future financing.

SEGMENT INFORMATION

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

CAPITAL AND OTHER COMMITMENTS

As at 31 December 2018, the Group had no capital commitments (2017: properties under development contracted for but not provided in the consolidated financial statements of approximately RMB249,161,000).

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2018, the Group employed 54 (2017: 71) full time employees in Hong Kong and the PRC. Total remuneration of the Group for the Year was approximately RMB11,826,000 (2017: RMB21,117,000). The Group's emolument policies are formulated on the basis of market trends, future plans and the performance of individuals, which will be reviewed periodically. Apart from provident fund scheme and state-managed social welfare scheme, share options will also be awarded to employees according to assessment of individuals' performance.

CONTINGENT LIABILITIES

As at 31 December 2018, the Group's maximum obligation in respect of the mortgage facilities provided to certain purchasers of the Group's properties amounted to approximately RMB632,271,000 (2017: RMB443,460,000).

DIVIDEND

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

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

There were no significant investments held as at 31 December 2018 nor material acquisitions and disposals of subsidiaries during the Year. There is no plan for material investments or capital assets as at the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions (the "Code Provisions") set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

Throughout the Year, the Company has complied with all the Code Provisions of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

PURCHASE, SALE AND REDEMPTION OF SECURITIES

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

AUDIT COMMITTEE

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

Independent Non-executive Directors
Mr. POON Lai Yin Michael *(Chairman)*
Mr. CHAR Shik Ngor Stephen
Ms. LI Jiansheng

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

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

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

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

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

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

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

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

Hong Kong, 27 March 2019

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