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## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board (the “Board”) of directors (the “Directors”) of China Uptown Group Company Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2020 (the “Period”).

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2020

	NOTES	Six months ended 30 June	
		2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Revenue	3	108,681	567,303
Cost of sales		<u>(82,763)</u>	<u>(436,715)</u>
Gross profit		25,918	130,588
Other incomes	5	435	276
Fair value change on investment properties		(4,318)	–
Fair value change on financial assets at fair value through profit or loss		2,331	(3)
Selling and marketing expenses		(1,729)	(3,069)
Administrative expenses		(13,925)	(14,377)
Finance costs	6	<u>(411)</u>	<u>(532)</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
(CONTINUED)**

*FOR THE SIX MONTHS ENDED 30 JUNE 2020*

	<i>NOTES</i>	<b>Six months ended 30 June</b>	
		<b>2020</b>	<b>2019</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Profit before taxation		<b>8,301</b>	112,883
Income tax expense	7	<u><b>(6,252)</b></u>	<u>(42,985)</u>
Profit for the period	8	<u><b>2,049</b></u>	<u>69,898</u>
Profit for the period attributable to:			
Owners of the Company		<b>1,624</b>	62,051
Non-controlling interests		<u><b>425</b></u>	<u>7,847</u>
		<u><b>2,049</b></u>	<u>69,898</u>
Earnings per share (in Renminbi (“RMB”) cents)	9		
– Basic		<u><b>0.09</b></u>	<u>3.40</u>
– Diluted		<u><b>0.09</b></u>	<u>3.40</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

*FOR THE SIX MONTHS ENDED 30 JUNE 2020*

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(unaudited)
Profit for the period	<u>2,049</u>	<u>69,898</u>
<b>Other comprehensive income (expense):</b>		
<i>Item that will not be reclassified to profit or loss:</i>		
Exchange differences arising on translation of functional currency to presentation currency	377	6,772
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of financial statements of foreign operations	<u>(1,472)</u>	<u>(7,106)</u>
	<u>(1,095)</u>	<u>(334)</u>
Total comprehensive income for the period	<u><b>954</b></u>	<u>69,564</u>
Total comprehensive income for the period attributable to:		
Owners of the Company	529	61,717
Non-controlling interests	<u>425</u>	<u>7,847</u>
	<u><b>954</b></u>	<u>69,564</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2020

		At 30 June 2020 <i>RMB'000</i> (unaudited)	At 31 December 2019 <i>RMB'000</i> (audited)
<b>Non-current Assets</b>			
Investment properties		80,600	84,918
Property, plant and equipment		18,257	18,373
Right-of-use assets		970	1,573
		<u>99,827</u>	<u>104,864</u>
<b>Current Assets</b>			
Inventories		–	22,742
Properties under development		248,878	–
Properties held for sale		746,897	806,611
Other receivables, deposits and prepayments	10	19,143	118,864
Financial assets at fair value through profit or loss		6,806	12
Tax recoverable		33,698	34,683
Restricted bank deposit		23	896
Pledged bank deposits		14,339	31,285
Bank balances and cash		25,702	63,528
		<u>1,095,486</u>	<u>1,078,621</u>
<b>Current Liabilities</b>			
Trade and other payables	11	86,567	98,290
Contract liabilities		188,977	255,620
Loan payables		14,671	14,389
Lease liabilities – current portion		978	1,228
Amounts due to non-controlling interests		73,700	15,994
Amounts due to directors		25,091	3,139
Tax payable		66,578	63,489
Secured bank borrowings		10,258	1,776
		<u>466,820</u>	<u>453,925</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(CONTINUED)**

AT 30 JUNE 2020

	At 30 June 2020 <i>RMB'000</i> (unaudited)	At 31 December 2019 <i>RMB'000</i> (audited)
<b>Net Current Assets</b>	<u>628,666</u>	<u>624,696</u>
<b>Total Assets Less Current Liabilities</b>	<u>728,493</u>	<u>729,560</u>
<b>Non-current Liabilities</b>		
Lease liabilities – non-current portion	27	384
Deferred tax liabilities	<u>38,935</u>	<u>40,599</u>
	<u>38,962</u>	<u>40,983</u>
<b>Net Assets</b>	<u><u>689,531</u></u>	<u><u>688,577</u></u>
<b>Capital and Reserves</b>		
Share capital	161,569	161,569
Reserves	<u>470,386</u>	<u>469,857</u>
Equity attributable to owners of the Company	631,955	631,426
Non-controlling interests	<u>57,576</u>	<u>57,151</u>
<b>Total Equity</b>	<u><u>689,531</u></u>	<u><u>688,577</u></u>

Notes:

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### 1A. SIGNIFICANT EVENTS AND TRANSACTION IN THE CURRENT INTERIM PERIOD

The outbreak of COVID-19 and the subsequent quarantine measures have had negative impacts to the global economy, business environment and directly and indirectly affect the operations of the Group. On the other hand, the Hong Kong Government has announced some financial measures and supports for corporates to overcome the negative impact arising from the pandemic to the Group. As such, the financial position and performance of the Group were affected in different aspects, including reduction in revenue, fair value of investment properties and profit and receipt of government grant in respect of COVID-19 as disclosed in the relevant notes. The directors of the Company, after taking into account the internal financial resources which are mainly arisen from continuous sale of properties, unutilised facilities available to the Group and financial support by certain directors of the Company and non-controlling interests, consider that the Group has sufficient working capital for its present requirement for at least twelve months from the end of the reporting period.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2019.

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

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

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

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

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

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

### **3. REVENUE FROM CONTRACTS WITH CUSTOMERS**

#### **Disaggregation of revenue from contracts with customers**

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

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<i>Arising from the People's Republic of China (the "PRC")</i>		
Sales of properties	<b>80,135</b>	566,301
Rental income	<b>582</b>	1,002
<i>Arising from Hong Kong</i>		
Trading of raw cane sugar	<b>27,964</b>	–
	<b>108,681</b>	<b>567,303</b>

#### 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) in order to allocate resources to the segment and to assess its 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 cane sugar: this segment trades raw cane sugar on a worldwide basis.

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

##### (a) Segment revenue and results

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

##### *Six months ended 30 June 2020 (unaudited)*

	<b>Property development and investment RMB'000</b>	<b>Trading of raw cane sugar RMB'000</b>	<b>Total RMB'000</b>
Revenue	<u>80,717</u>	<u>27,964</u>	<u>108,681</u>
Segment profit	<u>10,992</u>	<u>4,022</u>	15,014
Other incomes			435
Fair value change on financial assets at fair value through profit or loss			2,331
Finance costs			(372)
Unallocated expenses			<u>(9,107)</u>
Profit before taxation			<u>8,301</u>



Six months ended 30 June 2019 (unaudited)

	Property development and investment <i>RMB'000</i>	Trading of raw cane sugar <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	<u>567,303</u>	<u>–</u>	<u>567,303</u>
Segment profit (loss)	<u>121,283</u>	<u>(666)</u>	120,617
Bank interest income			276
Fair value change on financial assets at fair value through profit or loss			(3)
Finance costs			(524)
Unallocated expenses			<u>(7,483)</u>
Profit before taxation			<u>112,883</u>

## 5. OTHER INCOME

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Gain on disposal of investing in subsidiary	<b>31</b>	–
Bank interest income	<b>34</b>	276
Government grant ( <i>Note</i> )	<b>106</b>	–
Sundry income	<b>264</b>	–
	<u><b>435</b></u>	<u>276</u>

*Note:* The Group applied for the first tranche of the Employment Support Scheme provided by the Hong Kong government. In June 2020, the Group received the subsidy amounted to Hong Kong Dollar (“HK\$”) 351,000 (equivalent to RMB318,000) as compensation to the Group’s salary costs for June to August 2020, of which HK\$117,000 (equivalent to RMB106,000) is related to government grant received and recognised as at 30 June 2020 in relation to salary costs for June 2020.

## 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current tax		
PRC Enterprise Income Tax ("EIT")	5,537	27,280
PRC Land Appreciation Tax ("LAT")	2,379	28,665
	<u>7,916</u>	<u>55,945</u>
Deferred taxation		
Current period	(1,664)	(12,960)
	<u>(1,664)</u>	<u>(12,960)</u>
Income tax expense	<u>6,252</u>	<u>42,985</u>

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 condensed 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. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	439	476
Depreciation of right-of-use assets	631	173
	<u>439</u>	<u>476</u>
	<u>631</u>	<u>173</u>

## 8. DIVIDEND

No dividends were declared and proposed by the Company during the six months ended 30 June 2020 and 2019.

## 9. EARNINGS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Earnings</b>		
Earnings attributable to the owners of the Company for the purposes of calculation of basic and diluted earnings per share	<u><u>1,624</u></u>	<u><u>62,051</u></u>
	<i>'000</i>	<i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of calculation of basic and diluted earnings per share	<u><u>1,824,691</u></u>	<u><u>1,824,691</u></u>

The computation of diluted earnings per share for the six months ended 30 June 2019 and 2020 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares during the corresponding period.

## 10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2020 <i>RMB'000</i> (unaudited)	At 31 December 2019 <i>RMB'000</i> (audited)
Other receivables	17,376	14,759
<i>Less: impairment loss recognised</i>	<u>(457)</u>	<u>(448)</u>
	<b>16,919</b>	14,311
Deposits paid for acquisition of land use rights ( <i>Note</i> )	–	102,460
Deposits and prepayments	<u>2,224</u>	<u>2,093</u>
	<b><u>19,143</u></b>	<b><u>118,864</u></b>

Deposits and prepayments mainly represented prepaid other taxes.

*Note:* It represented deposits of RMB102,460,000 placed at Maoming City Public Resources Trading Center\* (茂名市公共資源交易中心) in respect of an acquisition of land use rights of a parcel of land situated at JIXIANG-23, Maoming Jixiang District\* (茂名市吉祥小區) in the PRC (the “PRC Land”), which the land is used for property development in the next few years. Such deposits were transferred to properties under development during the current interim period upon settlement of the remaining contract sum.

\* *The english name is for identification purpose only.*

## 11. TRADE AND OTHER PAYABLES

	At 30 June 2020 <i>RMB'000</i> (unaudited)	At 31 December 2019 <i>RMB'000</i> (audited)
Trade payables	16,890	32,485
Receipts in advance	–	20,919
Value added tax payable	36,817	34,750
Other tax payables	3,997	2,257
Other payables and accrued charges	<u>28,863</u>	<u>7,879</u>
	<u><u>86,567</u></u>	<u><u>98,290</u></u>

Credit periods granted to the Group by suppliers range from 0 to 180 days.

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

	At 30 June 2020 <i>RMB'000</i> (unaudited)	At 31 December 2019 <i>RMB'000</i> (audited)
Within 90 days	–	32,105
91 – 365 days	16,565	29
Over 365 days	<u>325</u>	<u>351</u>
	<u><u>16,890</u></u>	<u><u>32,485</u></u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The review of the major business segments of the Group for the Period is as follows:

#### Property Development and Investment

During the Period, the revenue attributed to the property development and investment business amounted to approximately RMB80,717,000 (2019: RMB567,303,000) representing sales of properties of approximately RMB80,135,000 (2019: RMB566,301,000) and rental income of approximately RMB582,000 (2019: RMB1,002,000). The Group operates two property development projects located in Maoming City, Guangdong Province, the People's Republic of China (the "PRC"). The old Maoming Project has developed into a composite of residential and commercial properties in three phases (the "First Maoming Project").

Majority of commercial and residential properties of Phase 1 and 2 of the First Maoming Project were delivered and recognised as the revenue of the Group in previous years. Phase 3 properties started to be delivered and recognised as sales in December 2018 and continued during the Period. A portion of the commercial properties of the First Maoming Project of approximately 4,000 square meters was leased and classified as investment properties of the Group. Amid the slight decrease in the value of commercial properties in Maoming, during the Period, the fair value of investment properties decreased by approximately RMB4,318,000 (2019: Nil).

During the Period, the total area of residential and commercial properties recognised as sales are approximately 6,760 square meters and 484 square meters respectively (2019: 74,627 square meters and 741 square meters respectively). 117 units and 42 units (2019: Nil) of car parking spaces for private cars and motorbikes respectively are recognised as sales during the Period. As at 30 June 2020, residential and commercial properties contracted for pre-sale are as follows:

	<b>Percentage</b> <i>(Note)</i>
Phase 1 & 2	58%
Phase 3	57%

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

On 27 November 2019, a non-wholly owned subsidiary of the Group successfully won the bid of land use rights of a parcel of land situated at Maoming Jixiang District\* (茂名市吉祥小區) (the “Second Maoming Project”) for a consideration of RMB241,512,000. Further details are stated in the section “SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS” of this announcement. The Second Maoming Project will be developed into a composite of residential and commercial properties with the following preliminary planned areas and ratio:

Land site area	29,274m <sup>2</sup>
Gross saleable area	84,189m <sup>2</sup>
Residential areas	58,933m <sup>2</sup>
Commercial areas	25,034m <sup>2</sup>

Carpark spaces and other public facilities will also be developed. As at the date of this announcement, the Group is still developing the development proposal which is subject to the approval by the Government. The above planned preliminary data of the Second Maoming Project may be subjected to further changes and modifications.

### **Trading of raw cane sugar**

In 2018, the Group has entered into a master agreement with China Sugar Holdings Limited (“China Sugar”) to purchase raw cane sugar from China Sugar for a period of 34 months ending 31 December 2020. For the Period, revenue from trading of raw cane sugar amounted to approximately RMB27,964,000 (2019: Nil). Since the Group is able to obtain a stable supply with competitive price from China Sugar, a segment profit of approximately RMB4,022,000 (2019: loss of RMB666,000) was recorded.

The performance of raw cane sugar trading business in the second half of 2020 will be greatly depending on the global recovery from the COVID-19 outbreak. The management of the Group will take extra precautions to mitigate relevant business risks.

\* *For identification purpose only*

## **MARKET OUTLOOK AND PROSPECTS**

Amid the increased tension between the PRC and the United States of America, the global and the PRC economy will remain complicated in second half of 2020. However, the property market is still a cornerstone of GDP growth that the related fiscal and monetary policies shall remain stable in general. The management is cautiously optimistic about Maoming property market because of: i) Easing of the COVID-19 outbreak in Maoming and generally in the PRC due to control measures; ii) Stable monetary and fiscal policies; iii) Continuing urbanisation in Maoming and strong local demands; and iv) Local city transformation and infrastructure development in western Guangdong province. Regarding the First Maoming Project, as more and more residents are moving into the area, sales campaigns in second half of 2020 and 2021 will be shifted to commercial properties and carpark spaces. The Group will also divert its financial resources and human resources to the Second Maoming Project, which the acquisition was completed in May 2020, for a faster overall development cycle.

Regarding the trading of raw cane sugar business, with the steady supply from China Sugar, the Group is optimistic about the raw cane sugar business in the future. However due to the outbreak of COVID-19, extra precautions will be put on the commodity price fluctuation of raw cane sugar as it becomes more volatile, that include negotiating with its customers on sugar pricing in advance and implement certain hedging policies and behaviours.

## **FINANCIAL REVIEW**

For the Period, the Group's revenue amounted to approximately RMB108,681,000 (2019: RMB567,303,000). The profit attributable to owners of the Company was approximately RMB1,624,000 (2019: RMB62,051,000). The decline of revenue and profit were mainly due to the deliveries of Phase 3 of the First Maoming Project peaked in first half of 2019 and decrease in the fair value on investment properties.

As at 30 June 2020, bank balances and cash were approximately RMB25,702,000 (31.12.2019: RMB63,528,000), restricted bank deposit was approximately RMB23,000 (31.12.2019: RMB896,000) and pledged bank deposits were approximately RMB14,339,000 (31.12.2019: RMB31,285,000).

As at 30 June 2020, the total assets of the Group was approximately RMB1,195,313,000 (31.12.2019: RMB1,183,485,000).



As at 30 June 2020, the Group's total secured bank borrowings and loan payables amounted to approximately RMB24,929,000 (31.12.2019: RMB16,165,000). As at 30 June 2020, the gearing ratio, expressed as a percentage of total secured bank borrowings and loan payables over net assets was approximately 4% (31.12.2019: 2%) and the current ratio was approximately 2.3 (31.12.2019: 2.4).

## **FINANCE COSTS**

For the Period, the finance costs were approximately RMB411,000 (2019: RMB532,000). Finance costs mainly comprised of interest expenses on bank borrowings of approximately RMB100,000 (2019: RMB264,000), on loan payables of approximately RMB272,000 (2019: RMB260,000) and on lease liabilities of approximately RMB39,000 (2019: RMB8,000).

## **CAPITAL STRUCTURE**

The issued ordinary share capital of the Company as at 30 June 2020 was approximately HK\$182,469,000 divided into 1,824,690,520 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**

As at 30 June 2020, certain of the Group's leasehold land and buildings, restricted bank deposit and pledged bank deposits with an aggregate carrying values of approximately RMB16,215,000 (31.12.2019: RMB16,128,000), RMB23,000 (31.12.2019: RMB896,000) and RMB14,339,000 (31.12.2019: RMB31,285,000) were pledged to banks for securing general banking facilities granted to certain subsidiaries of the Company. As at 30 June 2020, banking facilities of approximately RMB10,258,000 (31.12.2019: RMB1,776,000) were utilised and RMB9,115,000 (31.12.2019: RMB17,880,000) 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 condensed consolidated financial statements of this announcement.

## **CAPITAL AND OTHER COMMITMENTS**

As at 30 June 2020, the Group has no material capital commitment (31.12.2019: RMB139,051,000 for purchase of land use rights).

## **EMPLOYEE AND REMUNERATION POLICIES**

As at 30 June 2020, the Group employed 44 (31.12.2019: 44) full time employees in Hong Kong and the PRC. Total remuneration of the Group for the Period was approximately RMB7,429,000 (2019: RMB7,249,000). 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 30 June 2020, the Group's maximum obligation in respect of the mortgage facilities provided to certain purchasers of the Group's properties amounted to approximately RMB350,532,000 (31.12.2019: RMB577,518,000).

## **DIVIDEND**

No dividend was declared or proposed during the Period. The Board does not recommend the payment of any dividend for the Period (2019: Nil).

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

With reference to the announcements of the Company dated 28 November 2019, 20 January 2020 and 23 January 2020, 14 May 2020 and the circular of the Company dated 24 January 2020, the Group has completed the acquisition of land use rights in Maoming (the “Land Acquisition”).

On 27 November 2019, Maoming Shang Cheng Real Estate Company Limited\* (茂名上誠置業有限公司), an indirect non-wholly owned subsidiary of the Company, successfully won the bid of land use rights of a parcel of land situated at JIXIANG-23, Maoming Jixiang District\* (茂名市吉祥小區) with a total site area of approximately 29,274.16 square meters offered for a consideration of RMB241,511,900. The Land Acquisition was completed on 14 May 2020.

Save as disclosed above, there were no significant investments held as at 30 June 2020 nor material acquisitions and disposals of subsidiaries during the Period and 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 Period, 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 Period.

\* *For identification purpose only*

## **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 Period.

## **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

Mr. CHEN Weijiang

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 unaudited condensed consolidated financial statements of the Group for the Period, 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 INTERIM RESULTS ANNOUNCEMENT**

The unaudited condensed consolidated financial statements for the six months ended 30 June 2020 were prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the HKICPA, and have been reviewed by Deloitte Touche Tohmatsu, the independent auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the HKICPA.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This announcement is available for viewing at the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and at the website of the Company at [www.chinauptown.com.hk](http://www.chinauptown.com.hk). The interim 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, 28 August 2020

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