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)

UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the "Board") of directors (the "Directors") of China Uptown Group Company Limited (the "Company") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2021 (the "Year"). For the reasons explained in the paragraph headed "Review of Unaudited Annual Results" in this announcement, the auditing process for the annual results of the Group for the Year has not been completed.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	NOTES	**2021** ***RMB'000*** **(Unaudited)**	2020 *RMB'000* (Audited)
Revenue	*3*	**130,386**	275,541
Cost of sales		**(197,481)**	(226,537)
Gross (loss) profit		**(67,095)**	49,004
Other income	*5A*	**1,959**	1,055
Other gains and losses	*5B*	**(36,929)**	(8,107)
Impairment loss recognised on properties held for sale		**(91,590)**	–
Impairment loss reversed (recognised) under expected credit loss ("ECL") model on other receivables		**852**	(1,236)
Selling and marketing expenses		**(10,041)**	(2,733)
Administrative expenses		**(28,449)**	(29,861)
Finance costs		**(855)**	(830)
(Loss) profit before taxation		**(232,148)**	7,292
Income tax credit (expense)	*6*	**31,470**	(14,503)
Loss for the year	*7*	**(200,678)**	(7,211)

	NOTE	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
(Loss) profit for the year attributable to:			
Owners of the Company		**(192,826)**	(7,775)
Non-controlling interests		**(7,852)**	564
		(200,678)	(7,211)
Loss per share (in RMB cents)	*9*		
– Basic		**(75.78)**	(4.26)
– Diluted		**(75.78)**	(4.26)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loss for the year	**(200,678)**	(7,211)
Other comprehensive (expense) income		
Item that will not be reclassified to profit or loss:		
Exchange differences arising on translation of functional currency to presentation currency	**(21,552)**	(1,249)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations	**11,743**	2,928
	(9,809)	1,679
Total comprehensive expense for the year	**(210,487)**	(5,532)
Total comprehensive expense for the year attributable to:		
Owners of the Company	**(202,635)**	(6,096)
Non-controlling interests	**(7,852)**	564
	(210,487)	(5,532)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	NOTES	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Non-current Assets			
Investment properties		**4,400**	74,400
Property, plant and equipment		**15,515**	16,643
Right-of-use assets		**1,993**	337
		21,908	91,380
Current Assets			
Properties under development		**364,624**	253,395
Properties held for sale		**402,300**	602,714
Investment properties held for sale		**12,585**	–
Deposits, other receivables and prepayments	*10*	**31,881**	26,604
Financial assets at fair value through profit or loss		**4,313**	6,402
Tax recoverable		**51,507**	26,620
Restricted bank deposit		**1,988**	22
Pledged bank deposits		**2,232**	11,486
Bank balances and cash		**40,405**	77,848
		911,835	1,005,091
Current Liabilities			
Trade and other payables	*11*	**61,428**	59,088
Contract liabilities		**107,694**	74,154
Loan payable		**8,150**	8,420
Lease liabilities – current portion		**1,604**	340
Amounts due to non-controlling interests		**98,250**	85,000
Amounts due to directors		**12,325**	6,624
Amount due to a shareholder		**14,589**	–
Tax payable		**82,130**	72,228
Bank overdrafts		**1,959**	4,039
Secured bank borrowing		**8,020**	9,150
		396,149	319,043
Net Current Assets		**515,686**	686,048
Total Assets Less Current Liabilities		**537,594**	777,428

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Non-current Liabilities		
Lease liabilities – non-current portion	**439**	21
Deferred tax liabilities	**4,459**	34,224
	4,898	34,245
Net Assets	**532,696**	743,183
Capital and Reserves		
Share capital	**222,157**	222,157
Reserves	**260,676**	463,311
Equity attributable to owners of the Company	**482,833**	685,468
Non-controlling interests	**49,863**	57,715
Total Equity	**532,696**	743,183

NOTES:

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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 ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial assets at fair value through profit or loss ("FVTPL"), which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

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

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

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

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

2.1 Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 Financial Instruments: Disclosures.

As at 1 January 2021, the Group has several financial liabilities, the interests of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform. The following table shows the total amounts of these outstanding contracts. The amounts of financial liabilities are shown at their carrying amounts.

	Hong Kong Offered Rate ("HIBOR") *RMB'000*
Financial liabilities	
Secured bank borrowing	9,150
Bank overdrafts	4,039

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for secured bank borrowing and bank overdrafts measured at amortised cost.

2.2 Impacts on application of the agenda decision of the Committee – Cost necessary to sell inventories (HKAS 2 Inventories)

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group's accounting policy prior to the Committee's agenda decision was to determine the net realisable value of properties held for sale taking into consideration all estimated costs of completion and costs necessary to make the sale.

The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective.

HKFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020[2]

1 Effective for annual periods beginning on or after 1 April 2021.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after 1 January 2023.
4 Effective for annual periods beginning on or after a date to be determined.

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

3. REVENUE

(i) Disaggregation of revenue from contracts with customers

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

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Arising from the Mainland China		
Sales of properties – a point in time	**128,959**	246,450
Arising from Hong Kong		
Trading of raw cane sugar – a point in time	**–**	27,663
Revenue from contracts with customers	**128,959**	274,113
Leases	**1,427**	1,428
Total revenue	**130,386**	275,541

(ii) Performance obligations for contracts with customers

(a) For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts are based on standardised specifications with no alternative use. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedents, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of control of the relevant properties to customers. Revenue from sales of properties is therefore recognised at a point in time when control of completed property is transferred to the customer, being at the point that the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

In general, the Group receives 30% of the contract value as receipt in advance from customers when they sign the sale and purchase agreement and remaining 70% of the contract value would be received through the banks by releasing the mortgages to the customers in two to three months after the agreement signing date. Such advance payment schemes result in contract liabilities being recognised throughout the property construction period for the full amount of the contract price.

(b) For trading of raw cane sugar to third party customers, revenue from the sale of raw cane sugar is recognised at a point of time when the Group delivers the raw cane sugar to the customer where its performance obligation is satisfied and the customer obtains control of the raw cane sugar. Payment of the transaction price is due immediately when the invoice is presented to the customers according to the payment terms agreed on the sales contracts.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2021 and the expected timing of recognising revenue are as follows:

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within one year		
– Sales of properties	**95,610**	74,154

(iv) Leases

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

4. SEGMENT INFORMATION

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

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

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

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

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

(a) Segment revenues and results

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

For the year ended 31 December 2021

	Property development and investment *RMB'000* **(Unaudited)**	**Trading of raw cane sugar** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Revenue	**130,386**	**–**	**130,386**
Segment (loss) profit	**(203,745)**	**1,633**	**(202,112)**
Other income			**–**
Fair value change on financial assets at FVTPL			**519**
Finance costs			**(499)**
Unallocated corporate expenses			**(30,056)**
Loss before taxation			**(232,148)**

For the year ended 31 December 2020

	Property development and investment *RMB'000* (Audited)	Trading of raw cane sugar *RMB'000* (Audited)	Total *RMB'000* (Audited)
Revenue	247,878	27,663	275,541
Segment profit	22,769	2,025	24,794
Other income			656
Fair value change on financial assets at FVTPL			2,411
Finance costs			(662)
Unallocated corporate expenses			(19,907)
Profit before taxation			7,292

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

(b) Geographical information

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

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

	Revenue from external customers		**Non-current assets**	
	2021 ***RMB'000*** **(Unaudited)**	2020 *RMB'000* (Audited)	**2021** ***RMB'000*** **(Unaudited)**	2020 *RMB'000* (Audited)
The Mainland China	**130,386**	247,878	**6,800**	76,277
Hong Kong	**–**	27,663	**15,108**	15,103
	130,386	275,541	**21,908**	91,380

5A. OTHER INCOME

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Compensation received from a sugar trading customer	**1,800**	–
Bank interest income	**159**	266
Government grant *(Note)*	**–**	625
Other interest income	**–**	133
Gain on disposal of a subsidiary	**–**	31
	1,959	1,055

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

5B. OTHER GAINS AND LOSSES

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Fair value change on investment properties	**(36,401)**	(10,518)
Fair value change on financial assets at fair value through profit or loss	**(519)**	2,411
Other	**(9)**	–
	(36,929)	(8,107)

6. INCOME TAX (CREDIT) EXPENSE

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current tax		
Hong Kong	**–**	240
PRC EIT	**12,318**	12,575
PRC LAT	**(14,023)**	8,063
	(1,705)	20,878
Deferred taxation		
Current year	**(29,765)**	(6,375)
	(31,470)	14,503

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Tax provision for the prior year was provided based on the assessable profits and unused tax losses brought forward.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

The provision of PRC LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. PRC LAT has been provided at progressive rates ranging from 30% to 60% on the appreciation of land value, with certain allowable exemptions and deductions.

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

7. LOSS FOR THE YEAR

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

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Directors' remuneration	**7,356**	7,592
Other staff costs	**8,244**	6,746
Retirement benefits scheme contributions	**983**	861
	16,583	15,199
Auditor's remuneration	**1,121**	1,201
Gross rental income from investment properties	**(1,427)**	(1,428)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	**199**	173
	(1,228)	(1,255)
Cost of properties held for sale recognised as expenses (included in cost of sales)	**197,481**	203,896
Cost of raw cane sugar recognised as expenses (included in cost of sales)	**–**	22,641
Net foreign exchange (gain) loss	**(2)**	1,054
Depreciation of property, plant and equipment	**774**	838
Depreciation of right-of-use assets	**1,485**	1,210
Expenses related to a short-term lease	**246**	20

8. DIVIDEND

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

9. LOSS PER SHARE

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

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loss		
Loss for the purposes of basic and diluted loss per share – loss for the year attributable to owners of the Company	**(192,826)**	(7,775)
Number of shares		
Weighted average number of share for the purposes of basic and diluted loss per share	**254,469,052**	182,666,312

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

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

10. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Other receivables *(Note 1)*	**13,478**	22,150
Advance to staff	**7,079**	2,764
Less: impairment losses recognised	**(782)**	(1,647)
	19,775	23,267
Deposits and prepayments *(Note 2)*	**12,106**	3,337
	31,881	26,604

Note 1:

It includes loan receivables of RMB5,188,000 (2020: RMB10,675,000) extended to the buyers of properties as at 31 December 2021. The amounts are interest-free, unsecured and repayable within twelve months.

Note 2:

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

11. TRADE AND OTHER PAYABLES

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**–**	388
Value-added tax payable	**36,941**	41,910
Other tax payables	**2,620**	3,241
Other payables	**17,505**	10,715
Accrued charges	**4,362**	2,834
	61,428	59,088

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

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

	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**–**	388

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 RMB130,386,000 (2020: RMB247,878,000) representing sales of properties of approximately RMB128,959,000 (2020: RMB246,450,000) and rental income of approximately RMB1,427,000 (2020: RMB1,428,000). The significant decrease of revenue is because majority of residential properties of the First Maoming Project were sold in the previous years. In addition, under a selling campaign to lower the properties stock level, the selling prices of the remaining portion of the residential and commercial properties were adjusted lower to match with the competitors' market prices in Maoming. The gross loss was approximately RMB67,000,000 (2020: gross profit RMB49,000,000). The sale proceed has been used in the development of the Second Maoming Project. Due to challenging operating conditions in property sector, ongoing pandemic, and economic uncertainty leading to negative market sentiment, the properties held for sale recorded an impairment loss of approximately RMB91,590,000 (2020: nil) and investment properties as at 31 December 2021 recorded a fair value loss of approximately RMB36,401,000 (2020: RMB10,518,000). Selling and marketing expenses increased by approximately RMB7,300,000 for promotion of the Second Maoming Project.

During the Year, the total area of residential and commercial properties recognised as sales were approximately 6,855 square meters and 4,540 square meters respectively (2020: 14,600 square meters and 1,693 square meters respectively). 84 units and 74 units (2020: 834 units and 217 units respectively) of car parking spaces for private cars and motorbikes respectively were recognised as sales during the Year. As at 31 December 2021, residential and commercial properties contracted for pre-sale are as follows:

	Percentage *(Note)*
Phase 1 & 2 of the First Maoming Project	72%
Phase 3 of the First Maoming Project	86%

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.

The Second Maoming Project will be developed into a composite of residential and commercial properties with the following approximate preliminary planned areas:

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

The above planned preliminary data of the Second Maoming Project is subject to further changes and modifications.

During the Year, due to the dire environment of COVID-19 pandemic, initial pre-sales plan of Second Maoming Project is delayed and re-scheduled as follows:

Pre-Sales of residential properties (one block)	Second quarter of 2022
Pre-Sales of residential properties (two blocks)	Third quarter of 2022
Pre-Sales of commercial properties	Third quarter of 2022
Pre-Sales of residential properties (remaining four blocks)	First half year of 2023
Pre-Sales of car parks and shops	Second half year of 2023
Completion and ready for delivery	Fourth quarter of 2023

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

Trading of raw cane sugar

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

MARKET OUTLOOK AND PROSPECTS

As the COVID-19 pandemic continued to ravage the world in 2021, the global economic generally suffered a strong setback. Amid the effective public health measures in the PRC and low COVID-19 cases, the domestic economy including the property market was comparatively stable during 2021. The property market is still a cornerstone of GDP growth that the management expects that the related fiscal and monetary policies shall remain stable in the future. The PRC's macroeconomic policies should seek a balance between growth and stabilisation. 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 continue in western Guangdong province.

Regarding the First Maoming Project, as more and more residents will move into the area, sales campaigns in 2022 will be on the remaining commercial properties and carpark spaces. The Group will also reinforce its financial resources and human resources to the Second Maoming Project. The pre-sales of Second Maoming Project are scheduled to be started in mid 2022, while management will cautiously review the market to further fine tune the plan and development schedule.

Regarding the trading of raw cane sugar business, 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. The management will further explore trading business of sugar while sufficient risk mitigations can be implemented.

FINANCIAL REVIEW

For the Year, the Group's revenue amounted to approximately RMB130,386,000 (2020: RMB275,541,000). The loss attributable to owners of the Company was approximately RMB192,826,000 (2020: RMB7,775,000). The increase of loss were mainly due to the decrease in revenue, decline in gross profit margins, impairment loss recognised on properties held for sale and fair value loss on investment properties upon disposal and revaluation.

As at 31 December 2021, bank balances and cash were approximately RMB40,405,000 (2020: RMB77,848,000), restricted bank deposit was approximately RMB1,988,000 (2020: RMB22,000) and pledged bank deposits were approximately RMB2,232,000 (2020: RMB11,486,000). As at 31 December 2021, the total assets of the Group was approximately RMB933,743,000 (2020: RMB1,096,471,000), representing a decrease of approximately 15%. The decrease was mainly due to the impairment loss recognised on properties held for sale and fair value loss on investment properties. As at 31 December 2021, the Group's total secured bank borrowing, bank overdrafts and loan payable amounted to approximately RMB18,129,000 (2020: RMB21,609,000). As at 31 December 2021, the gearing ratio, expressed as a percentage of total secured bank borrowing, loan payable and bank overdrafts over net assets was approximately 3% (2020: 3%) and the current ratio was approximately 2.3 (2020: 3.2).

CAPITAL STRUCTURE

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

FOREIGN CURRENCY EXPOSURE

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

CHARGE ON ASSETS

As at 31 December 2021, certain of the Group's leasehold land and buildings with an aggregate carrying values of approximately RMB13,878,000 (2020: RMB14,765,000) were pledged to banks for securing general banking facilities granted to certain subsidiaries of the Company.

As at 31 December 2021, restricted bank deposit of RMB1,988,000 (2020: RMB22,000) and pledged bank deposits of RMB2,232,000 (2020: RMB11,486,000) of the Group were pledged to obtain the mortgage facilities provided to certain purchasers of the Group's properties for which guarantees were provided by the Group to the banks.

As at 31 December 2021, banking facilities of approximately RMB9,979,000 (2020: RMB13,189,000) were utilised and approximately RMB20,862,000 (2020: RMB20,744,000) were unutilised and available for the Group's future financing.

SEGMENT INFORMATION

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

CAPITAL AND OTHER COMMITMENTS

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

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2021, the Group employed 58 (2020: 41) full time employees in Hong Kong and the PRC. Total remuneration of the Group for the Year was approximately RMB16,583,000 (2020: RMB15,199,000). The Group's emolument policies are formulated on the basis of market trends, future plans and the performance of individuals, which will be reviewed periodically. Apart from provident fund scheme and state-managed social welfare scheme, share options will also be awarded to employees according to assessment of individuals' performance.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group's maximum obligation in respect of the mortgage facilities provided to certain purchasers of the Group's properties amounted to approximately RMB98,218,000 (2020: RMB163,165,000).

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

There were no significant investments held as at 31 December 2021 nor material acquisitions and disposals of subsidiaries during the Year and there is no plan for material investments or capital assets as at the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

On or about 27 January 2022, the Board was informed that certain bank accounts of 2 indirect non-wholly owned subsidiaries known as, Maoming Huada Real Estate Development Limited (茂名市華大房地產開發有限公司)("Maoming Huada") and Maoming Shang Cheng Real Estate Company Limited* (茂名上誠置業有限公司)("Maoming Shang Cheng") (Maoming Huada and Maoming Shang Cheng collectively known as "Maoming Subsidiaries"), were frozen by Zhangjiang City Public Security Bureau* (湛江市公安局)("Public Security").

Upon execution of an agreement ("Custodian Agreement") with a PRC bank by each of Maoming Subsidiaries for joint custodian of company chops and U-keys for their bank accounts, all the bank accounts of Maoming Subsidiaries formerly frozen were unfrozen by the Public Security on 19 March 2022. Maoming Subsidiaries can operate their bank accounts for their ordinary business normally and their PRC legal advisers will apply for the termination of the Custodian Agreements.

Ernst & Young (China) Advisory Limited, an independent accounting firm, has been engaged by the Company to conduct an independent investigation into the matter.

Save for above, the Group does not have any material subsequent event after the reporting period and up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions (the "Code Provisions") set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). Throughout the Year, save for the deviation from the Code Provisions A.2.1 and A.4.3, the Company has complied with all the Code Provisions of the CG Code.

Following the resignations of Mr. Liu Feng and Mr. Lau Sai Chung, Mr. Pan Shimin has been appointed as the chairman of the Company on 28 January 2022 and as the chief executive officer of the Company on 10 February 2022. The Board is aware of the deviation of Code Provision A.2.1 of the CG Code which states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Given all major decisions are reserved to the Board, the Company considers that there is an adequate balance of power and authority in place between the Board and the management of the Company. The Board shall review the structure from time to time and it will consider the appropriate move to take should suitable circumstance arise.

Mr. Poon Lai Yin, Michael has served as an independent non-executive director of the Company for more than nine years since November 29, 2006. To comply with Code Provision A.4.3, Mr. Poon retired voluntarily and was re-elected as director at annual general meeting of the Company held on June 18, 2021.

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. During the Year and up to the date of this announcement, the members of the Audit Committee have been and are:

Independent Non-executive Directors

Mr. Poon Lai Yin Michael *(Chairman)*
Mr. Char Shik Ngor Stephen
Mr. Chen Weijang

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 has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the unaudited financial statements for the year ended 31 December 2021.

REVIEW OF UNAUDITED ANNUAL RESULTS

Due to the epidemic of the COVID-19 and part of the business and audit work of the Company were located in Hong Kong, the audit was affected as a result of the delay in sending and receiving necessary audit confirmations and other audit procedures. Accordingly, it was unable to complete the audit of the Group's annual results for the year ended 31 December 2021 by 31 March 2022 in accordance with the requirements of the Listing Rules. The unaudited annual results contained herein have not been agreed with the Company's auditors.

The unaudited annual results contained herein have been reviewed by the Audit Committee.

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended 31 December 2021 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein; and (ii) circumstances arising from the audit of the Group or financial statements which constitute price sensitive information. In addition, the Company, will issue further announcement(s) as and when necessary if there are other material developments in the completion of the auditing process.

PUBLICATION OF UNAUDITED 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
Pan Shimin
Chairman and Chief Executive Officer

Hong Kong, 30 March 2022

As at the date of this announcement, the Board comprises executive Directors, Mr. Pan Shimin and Mr. Chen Xian; and independent non-executive Directors, Mr. Poon Lai Yin Michael, Mr. Char Shik Ngor Stephen and Mr. Chen Weijiang.

* *For identification purpose only*