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 2023

The board (the "Board") of directors (the "Directors") of China Uptown Group Company Limited (the "Company") announces the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2023 (the "Year") together with comparative figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Notes	**2023** **_RMB'000_**	2022 *RMB'000*
Revenue	*3*	**4,442**	60,709
Cost of sales		**(4,262)**	(51,625)
Gross profit		**180**	9,084
Other income	*4*	**161**	1,305
Other losses	*5*	**(868)**	(1,762)
Impairment loss reversed (recognised) under expected credit loss ("ECL") model on other receivables		**274**	(419)
Allowance recognised on properties held for sale		**(23,526)**	(5,222)
Allowance recognised on properties under development		**–**	(48,187)
Selling and marketing expenses		**(4,500)**	(4,580)
Administrative expenses		**(22,275)**	(27,031)
Finance costs	*6*	**(1,940)**	(903)
Loss before taxation		**(52,494)**	(77,715)
Income tax credit	*7*	**857**	2,246
Loss for the year	*8*	**(51,637)**	(75,469)

	Notes	**2023**	2022
		RMB'000	*RMB'000*
Loss for the year attributable to:			
Owners of the Company		**(46,231)**	(55,768)
Non-controlling interests		**(5,406)**	(19,701)
		(51,637)	(75,469)
Loss per share (in RMB cents)	*10*		
– Basic		**(18.17)**	(21.92)
– Diluted		**(18.17)**	(21.92)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
Loss for the year	**(51,637)**	(75,469)
Other comprehensive expense		
Item that will not be reclassified to profit or loss:		
Exchange differences arising on translation of functional currency to presentation currency	**19,081**	56,576
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations	**(19,325)**	(59,228)
	(244)	(2,652)
Total comprehensive expense for the year	**(51,881)**	(78,121)
Total comprehensive expense for the year attributable to:		
Owners of the Company	**(47,214)**	(59,960)
Non-controlling interests	**(4,667)**	(18,161)
	(51,881)	(78,121)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Non-current Assets			
Investment properties		**1,420**	1,800
Property, plant and equipment		**15,625**	15,974
Right-of-use assets		**2,187**	338
		19,232	18,112
Current Assets			
Properties under development		**383,753**	349,000
Properties held for sale		**152,942**	170,156
Investment properties held for sale		**–**	746
Deposits, other receivables and prepayments	*11*	**36,240**	34,489
Financial assets at fair value through profit or loss		**–**	3,821
Restricted bank deposits		**39,226**	7,094
Pledged bank deposits		**3,133**	3,924
Bank balances and cash		**17,208**	26,710
		632,502	595,940
Current Liabilities			
Trade and other payables	*12*	**132,331**	151,142
Contract liabilities		**124,528**	32,496
Other borrowings		**29,994**	8,844
Lease liabilities – current portion		**1,455**	344
Amounts due to non-controlling interests		**115,498**	105,750
Amounts due to directors		**96**	96
Tax payable		**93,739**	97,066
Secured bank borrowings		**–**	12,184
		497,641	407,922
Net Current Assets		**134,861**	188,018
Total Assets Less Current Liabilities		**154,093**	206,130

	Notes	**2023**	2022
		RMB'000	*RMB'000*
Non-current Liabilities			
Lease liabilities – non-current portion		**706**	5
Deferred tax liabilities		**5,312**	6,169
		6,018	6,174
Net Assets		**148,075**	199,956
Capital and Reserves			
Share capital		**2,222**	222,157
Reserves		**174,711**	1,990
Equity attributable to owners of the Company		**176,933**	224,147
Non-controlling interests		**(28,858)**	(24,191)
Total Equity		**148,075**	199,956

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL

China Uptown Group Company Limited (the "Company") is an exempted company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in property development and investment.

The functional currency of the Company is Hong Kong dollar ("HK$") while the consolidated financial statements are presented in Renminbi ("RMB") for the convenience of the financial statements users.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND CHANGES IN OTHER ACCOUNTING POLICIES

New and 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 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Hong Kong SAR Government (the "Government") gazette the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will come into effect from 1 May 2025 (the "Transition Date"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund ("MPF") scheme to reduce the long service payment ("LSP") in respect of an employee's service from the Transition Date (the abolition of the "offsetting mechanism"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date. In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. The cessation of applying the practical expedient in paragraph 93(b) of HKAS 19 in conjunction with the enactment of the Amendment Ordinance resulted in a catch-up profit or loss adjustment in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of 2022, with the corresponding adjustment to the comparative carrying amount of the LSP liability. This change in accounting policy did not have any material impact on the opening balance of equity at 1 January 2022. It also did not have a material impact on the consolidated statement of financial position as at 31 December 2022 and 31 December 2023.

The application of the new and amendments to HKFRSs and change in other accounting policies in the current year had no material impact on the Company's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

The Company has not early applied the amendments to HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2023. These new and revised HKFRSs included the following which may be relevant to the Company:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

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 AND SEGMENT INFORMATION

(i) Disaggregation of revenue

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

	2023	2022
	RMB'000	*RMB'000*
Arising from the Mainland China		
Sales of properties – a point in time	**4,437**	60,546
Revenue from contracts with customers	**4,437**	60,546
Lease – other source	**5**	163
	4,442	60,709

(ii) Performance obligations for contracts with customers

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.

(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 2023 and the expected timing of recognising revenue are as follows:

	2023	2022
	RMB'000	*RMB'000*
Within one year		
Sales of properties	**124,528**	32,496

(iv) Leases

	2023	2022
	RMB'000	*RMB'000*
For operating leases with respect to investment properties:		
Lease payments that are fixed	**5**	163

Information reported to the Chief Executive Officer of the Group, being the chief operating decision maker ("CODM") regularly review revenue analysis as set out in the revenue analysis above for the purpose of resource allocation and assessment of performance. However, other than revenue analysis, no operating results and other discrete consolidated financial statements is regularly reviewed by the CODM for the purpose of resource allocation and assessment of performance of respective businesses which generate different types of revenue. The CODM review the operating results of the Group as a whole to make decisions about resource allocation and for performance assessment. The operation of the Group constitutes one single operating and reportable segment under HKFRS 8 "Operating Segments" and accordingly no separate segment information is presented.

(v) 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**	
	2023	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The Mainland China	**4,442**	60,709	**3,871**	3,162
Hong Kong	**–**	–	**15,361**	14,950
	4,442	60,709	**19,232**	18,112

(vi) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2023	2022
	RMB'000	*RMB'000*
Customer A	**1,093**	–
Customer B	**879**	–
Customer C	**755**	–
Customer D	**576**	–
Customer E	**536**	–

4. OTHER INCOME

	2023	2022
	RMB'000	*RMB'000*
Compensation received upon cancellation of sugar trading contract	**–**	1,140
Bank interest income	**117**	144
Other income	**44**	21
	161	1,305

5. OTHER LOSSES

	2023	2022
	RMB'000	*RMB'000*
Fair value change on investment properties	**380**	938
Fair value change on financial assets at FVTPL	**488**	824
	868	1,762

6. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest expenses on		
– secured bank borrowing	**341**	232
– other borrowing	**1,357**	508
– lease liabilities	**177**	17
– bank overdrafts	**65**	146
	1,940	903

7. INCOME TAX CREDIT

	2023	2022
	RMB'000	*RMB'000*
Current tax		
PRC EIT	**–**	193
PRC LAT	**–**	3,053
	–	3,246
Deferred taxation		
Current year	**(857)**	(5,492)
	(857)	(2,246)

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%.

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2023 and 2022 as the Group has no assessable profit for the years.

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.

8. LOSS FOR THE YEAR

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

	2023	2022
	RMB'000	*RMB'000*
Directors' emoluments	**4,245**	3,163
Other staff costs	**8,004**	10,484
Retirement benefits scheme contributions	**971**	986
	13,220	14,633
Gross rental income from investment properties	**(5)**	(163)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	**1**	23
	(4)	(140)
Cost of properties held for sale recognised as expenses (included in cost of sales)	**4,262**	51,625
Auditor's remuneration	**1,136**	1,356
Net foreign exchange loss	**–**	62
Allowance (reversed) recognised under ECL model on other receivables	**(274)**	419
Allowance recognised on properties held for sale	**23,526**	5,222
Impairment loss recognised on properties under development	**–**	48,187
Depreciation of property, plant and equipment	**751**	736
Depreciation of right-of-use assets	**1,177**	954
Expenses related to short-term leases	**464**	784

9. DIVIDEND

No dividends were declared and proposed by the Company during the years ended 31 December 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.

10. 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:

	2023	2022
	RMB'000	*RMB'000*
Loss		
Loss for the purposes of basic and diluted loss per share – loss for the year attributable to owners of the Company	**(46,231)**	(55,768)
Number of shares		
Weighted average number of share for the purposes of basic and diluted loss per share	**254,469,052**	254,469,052

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 the year of 2022.

11. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	2023	2022
	RMB'000	*RMB'000*
Other receivables *(Note 1)*	**8,122**	14,264
Less: impairment losses recognised, net	**(1,094)**	(1,358)
	7,028	12,906
Deposits and prepayments *(Note 2)*	**4,408**	1,933
Value-added tax and other tax receivables	**24,804**	19,650
	36,240	34,489

Notes:

1. It includes loan receivables of approximately RMB335,000 (2022: RMB861,000) extended to the buyers of properties as at 31 December 2023. The amounts are interest-free, unsecured and repayable within twelve months.

2. It includes a deposit paid of approximately RMB185,000 (2022: RMB550,000) for purchasing sugar as at 31 December 2023.

12. TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**6,284**	8,069
Value-added tax payable	**39,540**	39,720
Other tax payables	**3,036**	3,040
Other payables	**10,331**	14,217
Accrued charges	**73,140**	86,096
	132,331	151,142

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:

	2023	2022
	RMB'000	*RMB'000*
Within 90 days	**6,284**	8,069

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Property Development and Investment

The Group operates two property development projects located in Maoming City, Guangdong Province, the People's Republic of China (the "PRC"). The first Maoming Project has been developed into a composite of residential and commercial properties in three phases (the "First Maoming Project"). Majority of the commercial and residential properties of the First Maoming Project had been delivered in 2019 and most of the proceeds from sales of the First Maoming Project has been used in the development of the second Maoming Project situated at Maoming Jixiang District*（茂名市吉祥小區）(the "Second Maoming Project").

During the Year, the revenue attributed to the property development and investment business amounted to approximately RMB4,442,000 (2022: RMB60,709,000).

As the sales of the First Maoming Project is near the end while the Second Maoming Project is still under development, revenue decreased significantly as compared with last year. The total area of residential and commercial properties of the First Maoming Project recognised as sales for the Year were approximately 747 square meters (2022: 10,043 square meters).

The Second Maoming Project

On 27 November 2019, Maoming Shang Cheng Real Estate Company Limited*(茂名上誠置業有限公司)(the "Maoming Shang Cheng Real Estate"), an indirect non-wholly owned subsidiary of the Group, successfully won the bid of land use rights of the Second Maoming Project situated at Maoming Jixiang District*(茂名市吉祥小區)with a total site area of approximately 29,274.16 square meters and the consideration of which was approximately RMB241,512,000. The land acquisition transaction by Maoming Shang Cheng Real Estate was completed in 2020. The Second Maoming Project was planned to be developed into a composite of residential and commercial properties with the following approximate 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

During the pandemic, construction of the development of Second Maoming Project had been delayed, so as to the pre-sales plan. As at December 2023, approximately 60% of the construction had completed. Construction of the basement, kindergarten and first 2 blocks of residential buildings had been completed. Pre-sales of the residential blocks was started in June 2022, and the pre-sales of the other parts of the project was rescheduled as follows:

Pre-Sales of residential properties (The two blocks)	Second half year of 2024
Pre-Sales of apartment properties	Second half year of 2024
Pre-Sales of commercial properties	Second half year of 2024
Pre-Sales of car parks and shops	Second half year of 2024
Completion and delivery	First half year of 2025

The management of the Group believe the market sentiment is improving in Maoming City and that the upcoming pre-sales will strengthen the financial position of the Group.

Trading of raw cane sugar

For the Year, there was no revenue from trading of raw cane sugar while the economy has been recovering slowly in the post-pandemic era, the pace of recovery varies across industries. The change in domestic cane sugar demand has been driven by the significant easing of the pandemic situation in China, adjustments for pandemic prevention and control policies and the lifting of the border restrictions between countries. Strong market demand is the key to intensify the supply of sugar consumption, while the supply of cane sugar consumption in turn has an impact on domestic cane sugar prices. The Group will continue to adopt a proactive strategy to respond to the challenging market conditions.

MARKET OUTLOOK AND PROSPECTS

During the Year, pandemic containment policies were relaxed in China and the global economy gradually came out of the shadow of the COVID-19 pandemic. The real estate market continued to be sluggish with weak demand, and both market transaction volumes and prices went downward simultaneously. The overall real estate market is still in a bottoming out phase as market confidence and expectations have not restored yet.

With the increasing policy support and improving market sentiment, the management is confident to see for a better coming year and will remain watchful for some profitable businesses.

FINANCIAL REVIEW

For the Year, the Group's revenue amounted to approximately RMB4,442,000 (2022: RMB60,709,000) were all contributed from property development and investment business. Loss attributable to owners of the Company was approximately RMB46,231,000 (2022: RMB55,768,000), due to the significant decrease in revenue generated from sales of properties and impairment loss recognised on properties held for sales.

As at 31 December 2023, bank balances and cash were approximately RMB17,208,000 (2022: RMB26,710,000), pledged bank deposits amounting to RMB3,133,000 (2022: RMB3,924,000) and restricted bank deposits amounting to RMB39,226,000 (2022: RMB7,094,000) have been pledged to guarantee the mortgage loans granted by the banks to customers of the Group.

As at 31 December 2023, the Group's total secured bank borrowings and other borrowing amounted to approximately RMB29,994,000 (2022: RMB21,028,000). As at 31 December 2023, the gearing ratio, expressed as a percentage of total secured bank borrowings, other borrowing and bank overdrafts over net assets was approximately 20% (2022: 11%) and the current ratio was approximately 1.3 (2022: 1.5).

CAPITAL STRUCTURE

As at 31 December 2023, the authorised share capital of the Company was HK$300,000,000 divided into 30,000,000,000 shares of the Company with par value of HK$0.01 each (the "Shares") and the issued share capital was HK$2,544,690.52 divided into 254,469,052 Shares.

Capital Reduction and Sub-division

At the extraordinary general meeting of the Company convened and held on 26 June 2023, a special resolution in relation to the capital reduction ("Capital Reduction") and the share sub-division ("Sub-division") was duly passed by way of poll. An order was made by the Grand Court of the Cayman Islands confirming the Capital Reduction on 11 September 2023 (Cayman Islands time) and the Capital Reduction and Sub-division took effect on 20 September 2023.

Details of the Capital Reduction and Sub-division are as follows:

(a) Capital Reduction:

The par value of each of the then issued shares of the Company was reduced from HK$1.00 to HK$0.01 by cancelling the paid up share capital of the Company to the extent of HK$0.99 per the then issued shares of the Company. The credits arising from such reduction were applied towards offsetting the accumulated losses of the Company in a manner as permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate.

(b) Sub-division:

Immediately following the Capital Reduction, each of the then authorized but unissued shares of the Company of par value of HK$1.00 each was sub-divided into 100 new shares of the Company of par value of HK$0.01 each.

Upon the Capital Reduction and the Sub-division became effective, the board lot size of the Shares for trading on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") had also been changed from 4,000 Shares to 8,000 Shares.

Relevant disclosure was made in the Company's announcements dated 29 May 2023, 26 June 2023, 14 August 2023 and 19 September 2023, and the Company's circular dated 7 June 2023.

Placing of New Shares under General Mandate

On 15 February 2024, the Company entered into a placing agreement (the "Placing Agreement") with VC Brokerage Limited (the "Placing Agent"), pursuant to which the Placing Agent has conditionally agreed, as the placing agent of the Company, to procure on a best effort basis to not less than six placees to subscribe for up to 50,888,000 shares of par value of HK$0.01 each in the share capital of the Company (the "Placing Share(s)") at the placing price of HK$0.14 per Placing Share (the "Placing"). The Placing Price of HK$0.14 per Placing Share represents a discount of approximately 18.13% to the closing price of HK$0.171 per Share as quoted on the Stock Exchange on the date of the Placing Agreement.

The Placing Shares were approved to issue under the general mandate granted to the Directors at the annual general meeting of the Company held on 31 May 2023. Completion of the Placing took place on 6 March 2024. An aggregate of 50,888,000 Placing Shares in nominal value of HK$508,880 were issued and allotted, and the issued share capital of the Company increased to HK$3,053,570.52 divided into 305,357,052 Shares.

The gross proceeds from the Placing amounted to approximately HK$7.12 million and the net proceeds amounted to approximately HK$6.88 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK$0.135 per Placing Share.

The Company intends to use the net proceeds for repayment of outstanding liabilities and general working capital of the Group, which shall be applied on, including, staff cost, professional fees, rental payments and general administrative and operating expenses of the Group. The Directors are of the view that the Placing would enlarge the shareholder base and the capital base of the Company, and the net proceeds of the Placing would strengthen the Group's financial position for future development of the Group.

As at the date of this announcement, approximately HK$3.40 million of net proceeds have been used for repayment of outstanding liabilities. The remaining net proceeds of approximately HK$3.48 million will be used according to the intended use on or before 31 December 2024.

For the details of the Placing, please refer to the announcements of the Company dated 15 February 2024, 19 February 2024 and 6 March 2024.

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 2023, certain of the Group's leasehold land and buildings with an aggregate carrying values of approximately RMB14,556,000 (2022: RMB14,612,000 were pledged to bank for securing general banking facilities granted to certain subsidiaries of the Company) were pledged to other borrowings to certain subsidiaries of the Company.

As at 31 December 2023, bank deposits of RMB3,133,000 (2022: RMB3,924,000) 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.

SEGMENT INFORMATION

The details of segment information are set out in note 3 to the consolidated financial statements.

CAPITAL AND OTHER COMMITMENTS

As at 31 December 2023, the Group had commitments for development of properties amounted to RMB242,952,000 (2022: RMB295,205,000).

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2023, the Group employed 47 (2022: 53) full time employees in Hong Kong and the PRC. Total remuneration of the Group for the year ended 31 December 2023 was approximately RMB13,220,000 (2022: RMB14,633,000). 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.

FINANCIAL GUARANTEE CONTRACTS

As at 31 December 2023, the Group's maximum obligation in respect of the mortgage facilities provided to certain purchasers of the Group's properties amounted to approximately RMB94,046,000 (2022: RMB41,814,000).

GOING CONCERN

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred a net loss of approximately RMB51,637,000 for the year ended 31 December 2023 and recurring a net loss over four years. The current liabilities included the trade and other payables for the construction cost amounting to approximately RMB79,424,000, amount due to non-controlling interests amounting to approximately RMB115,498,000 and other borrowings amounting to approximately RMB29,994,000 that will be due in the coming twelve months. The Group might not be able to meet its liabilities in full when they fall due unless it is able to generate sufficient cash flows from future operations and/or other sources, since as at 31 December 2023, the Group only had cash and bank balances of approximately RMB17,208,000, pledged bank deposit of approximately RMB3,133,000 and restricted bank deposits of RMB39,226,000. These events or conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In this regard, the directors of the Company have identified various initiatives to address the Group's liquidity needs, which include the following:

(a) The Group has been actively negotiating with the relevant party for renewal of the revolving other borrowing with outstanding principal amount of RMB9,089,000. The other borrowing had successfully signed an extension agreement on 25 March 2024 to renew the maturity date up to 30 April 2026.

(b) The Group will actively negotiate with the relevant party for renewal of the revolving other borrowing with outstanding principal amount of RMB20,905,000 to further extend the maturity date. The other borrowing will be due in August 2024 that is secured by the Group's property located in Hong Kong with the carrying amount of RMB14,566,000.

(c) The Group has obtained written confirmations from the relevant non-controlling interests that they will not demand repayment of the outstanding principals in the total amount of approximately RMB115,498,000;

(d) The Group will continue to make pre-sale of the properties of Second Maoming Project;

(e) As disclosed in the announcement of the Company dated 6 March 2024, the placing for an aggregate of 50,888,000 placing shares have been successfully placed at placing price of HK$0.14 per placing share. The Group received net amount of approximately RMB6,321,000 and propose to use for repayment of outstanding liabilities and general working capital of the Group, which shall be applied on, including, staff cost, professional fees, rental payments and general administrative and operating expenses of the Group; and

(f) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures. Based on the cash flow forecast of the Group prepared by the management and assuming success of the above measures, the directors of the Company are of the opinion that the Group would have adequate funds to meet its liabilities as and when they fall due at least twelve months from the end of the reporting period.

Accordingly, the directors of the Company consider it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

DIVIDEND

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

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

There were no significant investments held as at 31 December 2023 nor material acquisitions and disposals of subsidiaries, associates and joint ventures during the year and there is no plan for material investments or capital assets as at the date of this announcement.

CONTINGENT LIABILITIES

The Group has no material contingent liabilities as at 31 December 2023.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended since 27 May 2022. The Stock Exchange issued the resumption guidance on 17 July 2022 for the resumption of trading in the Shares (the "Resumption Guidance").

After years of unremitting efforts of the Directors and management of the Company, all the conditions under the Resumption Guidance have been fulfilled and the trading in the Shares on the Stock Exchange recommenced from 9:00 a.m. on 6 December 2023.

CLOSURE OF REGISTER OF MEMBERS

For determining the eligibility of the shareholders of the Company to attend and vote at the forthcoming annual general meeting of the Company to be held on Thursday, 20 June 2024 ("2024 AGM"), the register of members of the Company will be closed from Friday, 14 June 2024 to Thursday, 20 June 2024, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2024 AGM, all transfers of shares accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Thursday, 13 June 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules. During the year ended 31 December 2023, in the opinion of the Directors, the Company was in compliance with all the relevant code provisions set out in 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 C2 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 ended 31 December 2023.

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 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. As at the date of this announcement, the Audit Committee has the following three members:

Independent Non-executive Directors

Mr. Yau Sze Yeung *(Chairman)*
Mr. Chen Weijiang
Mr. Lee Chun Tung

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 the audited financial statements of the Group for the year ended 31 December 2023.

REVIEW OF ANNUAL RESULTS

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 ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, McMillan Woods (Hong Kong) CPA Limited ("McMillan"), to the amounts set out in the Company's audited consolidated financial statements for the year ended 31 December 2023.

The work performed by McMillan 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 opinion or no assurance has been expressed by McMillan on this announcement.

PUBLICATION OF ANNUAL REPORT

The 2023 annual report will be dispatched to the shareholders of the Company and published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.chinauptown.com.hk as soon as practicable.

By order of the Board
China Uptown Group Company Limited
Pan Shimin
Chairman

Hong Kong, 28 March 2024

As at the date of this announcement, the executive Directors are Mr. Pan Shimin, Mr. Chen Xian, Mr. Zhang Xiao Jun and Mr. Liang Zhichao; and the independent non-executive Directors are Mr. Yau Sze Yeung, Mr. Chen Weijiang and Mr. Lee Chun Tung.