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## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the “Board”) of directors (the “Directors”) of China Uptown Group Company Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024 (the “Period”).

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2024

	NOTES	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue	3	23,328	4,468
Cost of sales		(23,305)	(4,262)
Gross profit		23	206
Other income	5	63	107
Other losses		(40)	(767)
Allowance recognised on properties held for sales		(2,681)	(6,514)
Allowance recognised on properties under development		(7,042)	(22,020)
Selling and marketing expenses		(357)	(3,290)
Administrative expenses		(7,837)	(10,986)
Finance costs	6	(1,775)	(548)
Loss before taxation		(19,646)	(43,812)
Income tax credit	7	10	800
Loss for the period	8	<u>(19,636)</u>	<u>(43,012)</u>

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
<i>NOTES</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(unaudited)
Loss for the period attributable to:		
Owners of the Company	<b>(16,414)</b>	(32,831)
Non-controlling interests	<b>(3,222)</b>	(10,181)
	<b><u>(19,636)</u></b>	<u>(43,012)</u>
		(Restated)
Loss per share		
(in Renminbi (“RMB”) cents)	<i>10</i>	
– Basic	<b><u>(5.63)</u></b>	<u>(12.71)</u>
– Diluted	<b><u>(5.63)</u></b>	<u>(12.71)</u>

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

*FOR THE SIX MONTHS ENDED 30 JUNE 2024*

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Loss for the period	<u>(19,636)</u>	<u>(43,012)</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	<b>16,297</b>	31,803
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of financial statements of foreign operations	<u>(16,435)</u>	<u>(33,294)</u>
	<u>(138)</u>	<u>(1,491)</u>
Total comprehensive expense for the period	<u><b>(19,774)</b></u>	<u><b>(44,503)</b></u>
Total comprehensive expense for the period attributable to:		
Owners of the Company	<b>(17,186)</b>	(35,998)
Non-controlling interests	<u>(2,588)</u>	<u>(8,505)</u>
	<u><b>(19,774)</b></u>	<u><b>(44,503)</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

		At 30 June 2024	At 31 December 2023
	<i>NOTES</i>	<b>RMB'000</b> (unaudited)	<b>RMB'000</b> (audited)
<b>Non-current Assets</b>			
Investment properties		1,380	1,420
Property, plant and equipment		15,603	15,625
Right-of-use assets		892	2,187
		<u>17,875</u>	<u>19,232</u>
<b>Current Assets</b>			
Properties under development		380,000	383,753
Properties held for sale		150,261	152,942
Trade and other receivables	11	59,603	36,240
Restricted bank deposits		37,418	39,226
Pledged bank deposits		3,135	3,133
Bank balances and cash		12,102	17,208
		<u>642,519</u>	<u>632,502</u>
<b>Current Liabilities</b>			
Trade and other payables	12	152,233	132,331
Contract liabilities		127,051	124,528
Other borrowing		21,406	29,994
Lease liabilities – current portion		912	1,455
Amounts due to non-controlling interests		115,498	115,498
Amounts due to directors		96	96
Tax payable		93,743	93,739
		<u>510,939</u>	<u>497,641</u>
<b>Net Current Assets</b>		<u>131,580</u>	<u>134,861</u>
<b>Total Assets Less Current Liabilities</b>		<u>149,455</u>	<u>154,093</u>

	At <b>30 June 2024</b>	At 31 December 2023
<i>NOTES</i>	<i>RMB'000</i> <b>(unaudited)</b>	<i>RMB'000</i> (audited)
<b>Non-current Liabilities</b>		
Lease liabilities – non-current portion	–	706
Other borrowing	<b>9,307</b>	–
Deferred tax liabilities	<b>5,302</b>	5,312
	<u><b>14,609</b></u>	<u>6,018</u>
<b>Net Assets</b>	<u><b>134,846</b></u>	<u>148,075</u>
<b>Capital and Reserves</b>		
Share capital	<b>2,689</b>	2,222
Reserves	<b>163,603</b>	174,711
	<u><b>166,292</b></u>	<u>176,933</u>
Equity attributable to owners of the Company	<b>166,292</b>	176,933
Non-controlling interests	<b>(31,446)</b>	(28,858)
	<u><b>134,846</b></u>	<u>148,075</u>
<b>Total Equity</b>	<u><b>134,846</b></u>	<u>148,075</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.

In preparing the condensed 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 RMB19,636,000 for the six months ended 30 June 2024 and recurring a net loss over four years. The current liabilities included the trade and other payables for the construction cost and electronic products amounting to approximately RMB105,030,000, amount due to non-controlling interests amounting to approximately RMB115,498,000 and other borrowing amounting to approximately RMB21,406,000 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 30 June 2024, the Group only had cash and bank balances of approximately RMB12,102,000, pledged bank deposits of approximately RMB3,135,000 and restricted bank deposits of RMB37,418,000, which restricted for construction purpose. 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 RMB9,307,000. 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 RMB21,406,000 to further extend the maturity date. The other borrowing, which is due in August 2024, is secured by the Group’s property located in Hong Kong with the carrying amount of RMB14,669,000;
- (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 and to subordinate their rights to repayment of all sums owed to them from Group to its creditors, both present and future;
- (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 and 5 August 2024, the placing for an aggregate of 50,888,000 placing shares and 10,950,405 rights shares have been successfully placed at placing price of HK\$0.14 per placing share and HK\$0.15 per rights share respectively. The Group received net amount of approximately RMB6,321,000 and RMB522,000 respectively and propose to use for repayment of outstanding liabilities, professional fee 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.

Assuming successful implementation 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 condensed 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 noncurrent liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the condensed consolidated financial statements.

## **2. PRINCIPAL ACCOUNTING POLICIES**

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

These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2023. Certain comparative figures have been reclassified/restated to conform with the current period's presentation and disclosure.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies (including the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty) and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2023.

## Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liabilities in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

The application of the new and amendments to HKFRSs in the current period had no material impact on the Company's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.



### 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:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
<i>Arising from the Hong Kong</i>		
<b>Revenue from contracts with customer</b>		
Sales of electronic products – a point in time	23,328	–
<i>Arising from the People's Republic of China (the "PRC")</i>		
<b>Revenue from contracts with customer</b>		
Sales of properties – a point in time	–	4,464
<b>Revenue from other sources</b>		
Lease – other source	–	4
	<u>23,328</u>	<u>4,468</u>

#### 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 follows:

- Property development and investment: this segment primarily develops and sells office premises, retail stores, 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 mainland China.
- Trading of electronic products: this segment trades the electronic products in Hong Kong.

Property development and investment and trading of electronic products 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 2024 (unaudited)*

	<b>Property development and investment RMB'000</b>	<b>Trading of electronic products RMB'000</b>	<b>Total RMB'000</b>
Revenue	<u>–</u>	<u>23,328</u>	<u>23,328</u>
Segment (loss) profit	<u>(11,621)</u>	<u>13</u>	<u>(11,608)</u>
Other income			5
Finance costs			(1,764)
Unallocated corporate expenses			<u>(6,279)</u>
Loss before taxation			<u>(19,646)</u>

*Six months ended 30 June 2023 (unaudited)*

	Property development and investment <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	<u>4,468</u>	<u>4,468</u>
Segment loss	<u>(35,192)</u>	(35,192)
Other income		43
Fair value change on financial assets at fair value through profit or loss		(477)
Finance costs		(266)
Unallocated corporate expenses		<u>(7,920)</u>
Loss before taxation		<u>(43,812)</u>

(b) **Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by operating segment:

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
<b>Segment assets</b>		
– Property development and investment	616,567	630,026
– Trading of electronic products	23,928	–
<b>Unallocated corporate assets</b>		
– Bank balances and cash	264	2,908
– Others	19,635	18,800
<b>Consolidated total assets</b>	<b>660,394</b>	<b>651,734</b>
<b>Segment liabilities</b>		
– Property development and investment	469,696	471,244
– Trading of electronic products	23,543	–
<b>Unallocated corporate liabilities</b>		
– Other borrowings	30,713	29,994
– Amount due to directors	96	96
– Tax payable	251	245
– Others	1,249	2,080
<b>Consolidated total liabilities</b>	<b>525,548</b>	<b>503,659</b>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to segments assets other than certain bank balances and cash and certain other assets; and
- all liabilities are allocated to segments liabilities other than other borrowings, certain amounts due to directors, certain tax payable, and certain other liabilities.

## 5. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Bank interest income	58	54
Others	5	53
	<u>63</u>	<u>107</u>

## 6. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest expenses on		
– secured bank borrowing	–	218
– other borrowing	1,666	265
– lease liabilities	109	2
– bank overdrafts	–	63
	<u>1,775</u>	<u>548</u>

## 7. INCOME TAX CREDIT

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current tax	–	–
Deferred taxation		
Current period	<u>10</u>	<u>800</u>
	<u>10</u>	<u>800</u>

Under the Law of the PRC on Enterprise Income Tax (“EIT”) (the “EIT Law”) and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

The provision of PRC Land Appreciation Tax (“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, 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.

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2024 and 2023 as the Group has no assessable profit for the period.

## 8. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging:		
Allowance recognised on properties held for sales	2,681	6,514
Allowance recognised on properties under development	7,042	22,020
Depreciation of property, plant and equipment	369	374
Depreciation of right-of-use assets	717	332
Expenses related to short-term leases	108	21
	<u>          </u>	<u>          </u>

## 9. DIVIDEND

No dividends were declared and proposed by the Company during the six months ended 30 June 2024 and 2023.

## 10. LOSS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
<b>Loss</b>		
Loss attributable to the owners of the Company for the purposes of calculation of basic and diluted loss per share	(16,414)	(32,831)
<b>Number of shares</b>		(Restated)
Weighted average number of shares for the purposes of calculation of basic and diluted loss per share	<u>291,533,548</u>	<u>258,251,588</u>

The weighted average number of ordinary shares for the six months ended 30 June 2024 and 2023 for the purpose of calculating the basic earnings per share had been adjusted to account for the effect of the bonus element of the rights issue of the Company which was completed on 22 July 2024 (“Rights Issue”).

The computation of diluted loss per share for the six months ended 30 June 2024 and 2023 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.

## 11. TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Trade receivables	23,556	–
Other receivables	8,566	8122
Less: allowance for credit loss	<u>(1,097)</u>	<u>(1,094)</u>
	7,469	7,028
Deposits and prepayments	3,504	4,408
Value-added tax and other tax receivables	<u>25,074</u>	<u>24,804</u>
	<u><b>59,603</b></u>	<u><b>36,240</b></u>

The Group allows a credit period of 30 to 90 days to its customers for its trade receivables.

The following is an ageing analysis of trade receivables presented based on invoice dates at the end of the reporting period:

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
0-30 days	<u><b>23,556</b></u>	<u><b>–</b></u>



## 12. TRADE AND OTHER PAYABLES

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Trade payables	29,906	6,284
Value-added tax payable	39,540	39,540
Other tax payables	3,036	3,036
Other payables	4,627	10,331
Accrued charges	75,124	73,140
	<u>152,233</u>	<u>132,331</u>

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:

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Within 90 days	<u>29,906</u>	<u>6,284</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The review of the major business segments of the Group during the Period 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 project in Maoming City 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 generated from the sales of the First Maoming Project has been used in the development of the second project in Maoming City situated at Maoming Jixiang District\* (茂名市吉祥小區)(the "Second Maoming Project").

During the Period, revenue from the property development and investment business amounted to RMB nil (2023: RMB4,468,000). The total area of residential and commercial properties from the First Maoming Project recognized as sales was approximately 510 square meters ("m<sup>2</sup>") in the last corresponding period. As the sale process of the First Maoming Project is about to come to an end, and with the Second Maoming Project still under development, revenue experienced a significant decrease compared to the last corresponding period.

## **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) (“Maoming Shang Cheng Real Estate”), an indirect non-wholly owned subsidiary of the Group, successfully won the bid for the land use rights of the Second Maoming Project located in Maoming Jixiang District\* (茂名市吉祥小區) with a total site area of approximately 29,274.16 m<sup>2</sup> and the consideration for the land acquisition amount to approximately RMB241,512,000. The land acquisition 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 planned approximate areas:

- Land site area: 29,000 m<sup>2</sup>
- Gross saleable area: 84,000 m<sup>2</sup>
- Residential areas: 59,000 m<sup>2</sup>
- Commercial areas: 25,000 m<sup>2</sup>
- Car park spaces: 1,000 units

Throughout the pandemic, the construction and development of the Second Maoming Project experienced severe setbacks, along with delays in the pre-sales plan. Typically, the Group relies on pre-sale deposits from property purchasers to cover the ongoing construction expenses for subsequent phases of property projects. However, the construction delays and pre-sales disruptions have impacted the Group's liquidity. The Group has encountered financial challenges resulting from the ongoing construction expenses to be incurred and the outstanding trade and other payables to the relevant contractors involved. During the Period, the development progress of the Second Maoming Project was further delayed due to the liquidity constraints faced by the Group as well as unfavourable market conditions. As at June 2024, approximately 63% of the construction had been completed, including the basement, kindergarten, and the first two residential buildings blocks. The pre-sale of the first two residential blocks commenced in June 2022, while the pre-sale of other components has been rescheduled as follows:

- Pre-sale of residential properties (the remaining two blocks): Second half year of 2024 and First half year of 2025
- Pre-sale of apartment properties: Second half year of 2025
- Pre-sale of commercial properties: Second half year of 2025
- Pre-sale of car park spaces and shops: First half year of 2026
- Completion and delivery: Second half year of 2026

During the Period, the persistent effects of economic downturn continued to weaken the purchasing power of the general public within the real estate market in the PRC. Domestic consumption remained subdued, with retail sales showing a slight year-on-year increase of 3.7% in the first half of 2024 and a mere 2.0% growth in June 2024. In response to significant shifts in demand, government agencies at all levels frequently refined property market policies to foster the stable operation of the real estate market. These adjustments included initiatives to relax restrictions on first-home buyers classifications, lower existing first-home loan rates, and extend tax incentives. Despite these efforts, the prevailing anticipation of declining housing prices continued to constrain the pace of market recovery, leading to sluggish properties sales.

During the Period, the Directors engaged in actively exploring debt financing and equity fundraising options such as bank borrowing, placing, rights issue and open offer. On 6 March 2024, pursuant to the terms and conditions of a placing agreement, the Company successfully placed an aggregate of 50,888,000 placing shares through the placing agent to not less than six places at the placing price of HK\$0.14 per placing share.

The Directors will continue to identify various options for financing the Group's working capital and commitments in the foreseeable future, including endeavors to attract new investors and establish business partnerships. We believe that with the improvement of the macroeconomy landscape and the consistent implementation of favorable policies by the PRC government, confidence in the real estate market will gradually rebound. This, in turn, will enhance market sentiment in Maoming City, bolstering the Group's financial position through upcoming pre-sales and potential financing activities.

## **Trading Business**

For the Period, the Group's trading business consists of trading of electronic products.

During the Period, the Group diversified its trading business by venturing into the trading of electronic products such as brand-named memory cards. Revenue generated from the trading of electronic products amounted to approximately RMB23,328,000 for the six months ended 30 June 2024 (2023: RMB nil). The trading business is the major source of revenue for the Period, with a gross profit margin of approximately 0.1% for the Period.

The management of the Group will continue to take additional precautions to mitigate relevant business risks and will remain vigilant in identifying profitable trading opportunities.

## **MARKET OUTLOOK AND PROSPECTS**

During the Period, consecutive inflations, interest rate hikes, and ongoing geopolitical tensions continued to present challenges to the general business environment. The PRC central government has closely monitored the macroeconomy and has introduced various economic policies and measures to support the PRC property market, reactivate the capital market, and improve the business environment for different sectors. Amid these favourable conditions stemming from the market-friendly policies, the PRC's economy has shown broad signs of improvement. However, consumer confidence remains cautious and the real estate industry is still in the process of stabilizing.

Faced with the dynamic and evolving economic landscape, the Group will redefine our business strategy with a flexible and adaptive operating model and continue to seize business development opportunities to enhance the growth of the Group.

## **FINANCIAL REVIEW**

For the Period, the Group's revenue amounted to approximately RMB23,328,000 (2023: RMB4,468,000 were all contributed from property development and investment business) were all contributed from trading business. Loss attributable to owners of the Company was approximately RMB16,414,000 (2023: RMB32,831,000), due to the low gross profit generated from the trading business and the allowance recognised on properties held for sales and properties under development.

As at 30 June 2024, bank balances and cash were approximately RMB12,102,000 (31 December 2023: RMB17,208,000). The pledged bank deposits were approximately RMB3,135,000 (31 December 2023: RMB3,133,000) have been 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, and restricted bank deposits amounting to RMB37,418,000 (31 December 2023: RMB39,226,000) have been restricted for construction purpose of the Group. As at 30 June 2024, the total assets of the Group was approximately RMB660,394,000 (31 December 2023: RMB651,734,000).

As at 30 June 2024, the Group's total other borrowings amounted to approximately RMB30,713,000 (31 December 2023: RMB29,994,000). As at 30 June 2024, the gearing ratio, expressed as a percentage of total other borrowings over net assets was approximately 23% (31 December 2023: 20%) and the current ratio was approximately 1.3 (31 December 2023: 1.3).

## **CAPITAL STRUCTURE**

The issued ordinary share capital of the Company as at 30 June 2024 was approximately HK\$3,053,570.52 divided into 305,357,052 shares of HK\$0.01 each (the "Share(s)").

## **Placing of new shares under general mandate**

On 6 March 2024, VC Brokerage Limited successfully placed 50,888,000 placing shares at the placing price of HK\$0.14 per placing share to not less than six placees (the “March Placing”). The gross proceeds from the March 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 March Placing).

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 March Placing would enlarge the shareholder base and the capital base of the Company, and the net proceeds of the March Placing would strengthen the Group’s financial position for future development of the Group.

As at 30 June 2024, the net proceeds have been fully utilized as intended.

For the details of the March 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 30 June 2024, certain of the Group’s leasehold land and buildings with an aggregate carrying values of approximately RMB14,669,000 (31 December 2023: RMB14,556,000) were pledged to other borrowing to certain subsidiaries of the Company.



As at 30 June 2024, pledged bank deposits of RMB3,135,000 (31 December 2023: RMB3,133,000) 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 4 to the interim financial information.

## **CAPITAL AND OTHER COMMITMENTS**

As at 30 June 2024, the Group had commitments for development of properties amounted to RMB240,000,000 (31 December 2023: RMB242,952,000).

## **EMPLOYEE AND REMUNERATION POLICIES**

As at 30 June 2024, the Group employed 36 (31 December 2023: 47) full time employees in Hong Kong and the PRC. Total remuneration of the Group for the Period was approximately RMB3,945,000 (2023: RMB5,837,000). 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, the Company also adopted a share option scheme on 29 May 2019 and share options will be awarded to employees according to assessment of individuals' performance and in accordance with the share option scheme.

## **FINANCIAL GUARANTEE CONTRACTS**

As at 30 June 2024, the Group's maximum obligation in respect of the mortgage facilities provided to certain purchasers of the Group's properties amounted to approximately RMB92,542,000 (31 December 2023: RMB94,046,000).

## **DIVIDEND**

No dividend was declared or proposed during the Period. The Board resolved not to declare any dividend for the Period (2023: Nil).

## **PURCHASE, SALE AND REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

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

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

There were no significant investments held as at 30 June 2024 nor material acquisitions and disposals of subsidiaries, associates or joint ventures during the Period 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 30 June 2024.

## **EVENTS AFTER THE PERIOD**

### **Rights Issue and the Placing under specific mandate**

On 8 April 2024, a rights issue on the basis of two rights shares for every one share of the Company held by the qualifying shareholders on the record date (i.e. 20 June 2024) at a subscription price of HK\$0.15 each on a non-underwritten basis (the “Rights Issue”) was announced by the Company. On the same date, a placing agreement was entered into between the Company and China Demeter Securities Limited (the “Placing Agent”), pursuant to which the Placing Agent has conditionally agreed to procure placee(s), on a best efforts basis, to subscribe for the unsubscribed rights shares under the specific mandate (the “Placing”).

The Rights Issue and the Placing were completed on 22 July 2024 and 5 August 2024 respectively. An aggregate of 8,347,605 rights shares were allotted and issued under valid acceptances of the provisional allotment letters and 2,602,800 rights shares were allotted and issued under valid application of the excess application forms at a subscription price of HK\$0.15, representing in aggregate approximately 1.8% of the total number of 610,714,104 rights shares available for subscription under the Rights Issue, and no unsubscribed rights shares were allotted and issued by the Placing Agent under the Placing.

The gross proceeds from the Rights Issue and the Placing are approximately HK\$1.6 million and the net proceeds from the Rights Issue and the Placing, after deducting the relevant expenses, are estimated to be approximately HK\$0.56 million. The Company has applied and will apply the net proceeds of the Rights Issue and the Placing for payment of professional fee and general working capital of the Company.

For details of the Rights Issue and the Placing under specific mandate, please refer to the circular of the Company dated 22 May 2024, the prospectus of the Company dated 21 June 2024 and the announcements of the Company dated 10 July 2024 and 5 August 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 Period, 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 C3 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.

## 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:

Mr. Yau Sze Yeung ( <i>Chairman</i> )	Independent Non-executive Directors
Mr. Chen Weijiang	Independent Non-executive Directors
Mr. Lee Chun Tung	Independent Non-executive Directors

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.

## REVIEW OF THIS INTERIM RESULTS ANNOUNCEMENT

The unaudited condensed consolidated financial statements for the six months ended 30 June 2024 were prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the HKICPA, and have been reviewed by McMillan Woods (Hong Kong) CPA Limited, 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.

# **EXTRACT OF THE DRAFT REVIEW REPORT BY MCMILLAN WOODS (HONG KONG) CPA LIMITED ON THE GROUP'S INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024**

## **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

## **MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

We draw attention to note 1 to the unaudited condensed interim consolidated financial statements, which indicates that the Group incurred a net loss of approximately RMB19,636,000 for the six months ended 30 June 2024 and recurring a net loss over four years. In addition the group's current liabilities included the trade and other payables for the construction cost and electronic products amounting to approximately RMB105,030,000, amount due to non-controlling interests amounting to approximately RMB115,498,000 and other borrowing amounting to approximately RMB21,406,000 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 30 June 2024, the Group only had cash and bank balances of approximately RMB12,102,000, pledged bank deposits of approximately RMB3,135,000 and restricted bank deposits of RMB37,418,000, which restricted for construction purpose. 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.

The Company is undertaking a number of financing plans and other measures as described in note 1 to the unaudited condensed interim consolidated financial statements in order to ensure it is able to meet its commitments in the next twelve months. The directors of the Company are of the opinion that based on the assumptions that these financing plans and other measures can be successfully executed, the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due in the foreseeable future. However, the likelihood of successful implementation of these financing plans and other measures as set forth in note 1 to the unaudited condensed interim consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

## **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 and published on the above websites as soon as practicable.

By order of the Board  
**China Uptown Group Company Limited**  
**Pang Chung Fai Benny**  
*Chairman*

Hong Kong, 30 August 2024

*As at the date of this announcement, the Board consists of four executive Directors, namely Mr. Pang Chung Fai Benny (Chairman), Mr. Fu Yongyuan, Mr. Zhang Xiao Jun and Mr. Liang Zhichao, and three independent non-executive Directors, namely Mr. Yau Sze Yeung, Mr. Chen Weijiang and Mr. Lee Chun Tung.*

\* *For identification purpose only*