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 SIX-MONTH PERIOD ENDED 31 DECEMBER 2009

BUSINESS REVIEW

For the six-month period ended 31 December 2009, the Group achieved a turnover of approximately RMB140,120,000 (for the year ended 30 June 2009: approximately RMB287,780,000).

The loss attributable to the owners of the parent was approximately RMB63,167,000 (for the year ended 30 June 2009: approximately RMB18,547,000).

The loss for the period from 1 July 2009 to 31 December 2009 was mainly caused by the disposal of an investment which was completed in December 2009. The Group completed the acquisition of the investment on 13 August 2009 which was settled by the issuance and allotment of 175,000,000 new ordinary shares of HK$0.10 each at a quoted market price of HK$1.16 at the date of completion of the acquisition. The fair value of the acquisition cost was approximately RMB178,579,000 which was much higher than management's initially calculation of HK$0.45 per consideration share at the date of entering the sales and purchase agreement which stipulated that the acquisition price of RMB69,300,000 (approximately HK$78,750,000) to be satisfied by issuance of 175,000,000 consideration shares. As this was the first major investment in recent years, the investors' response was overwhelming. Thus, the fair value of the consideration was out of management's expectations as the Company's share price soared from the date of signing the sales and purchase agreement in June 2009 of approximately HK$0.45 per share to HK$1.16 per share at the date of completion of the acquisition. In December 2009, the investment was disposed of for a consideration of approximately RMB110,880,000. Thus, a loss on disposal of approximately RMB67,699,000 was recognised.

For the six-month period ended 31 December 2009, the Company's financial position strengthened significantly as a result of the a major acquisition, a major investment and a disposal of an investment, details of which are set out under the sections "SIGNIFICANT INVESTMENT AND MATERIAL ACQUISITION OF SUBSIDIARIES" and "MATERIAL DISPOSAL OF AN INVESTMENT."

Non-current assets increased by about 123%, to RMB457,285,000 at 31 December 2009 which was mainly attributable to the completed acquisition. Also, current assets strengthened significantly from approximately RMB41,722,000 at 30 June 2009 to approximately RMB959,617,000 at 31 December 2009 which included unpledged bank balances and cash of RMB148,905,000 (30 June 2009 RMB13,289,000). As a result, the Directors are pleased to advise that the Company managed to achieve a healthier financial position with net current assets of approximately RMB423,153,000 at 31 December 2009 with net current liabilities of approximately RMB182,293,000. Also, the gearing ratio improved from 516% at 30 June 2009 to 13% at 31 December 2009. Furthermore, net asset value per share also increased substantially to RMB41.37 cents at 31 December 2009 (30 June 2009: RMB2.73 cents).

For the debt-restructuring proposal of approximately RMB177,110,000 (30 June 2009 RMB174,588,000), our negotiations with Bank of China (the "Bank"), Shenzhen branch, the People's Republic of China (the "PRC") was slowed down due to the worldwide financial tsunami. With the recent rebound in economic situations in the PRC, we are continuing our negotiations with the Bank with an aim to finalising a restructuring plan before the end of 2010.

On 3 December 2009, with an aim to improve the overall liquidity of the Group, the Company entered into a sale and purchase agreement with Mr. Wu ZhiQin ("Mr. Wu"), an independent third party pursuant to which the Company has agreed to sell and Mr. Wu has agreed to acquire the entire issued share capital of Hill Light Investments Limited, which was acquired in May 2009, at a consideration of RMB110,880,000. The transaction was completed in January 2010.

In August 2009, the Company entered into a sale and purchase agreement (as supplemented by the supplemental agreement dated 20 August 2009) with Mr. Ho Man Hung ("Mr. Ho"), an independent third party. Pursuant to which the Company has conditionally agreed to acquire for and Mr. Ho has conditionally agreed to dispose of the entire issued capital of Boom Lotus Holdings Limited at a total consideration of HK$587,532,000 (equivalent to approximately RMB517,028,000).

Further details of the above significant investment, material acquisition and material disposal are set out in the sections "SIGNIFICANT INVESTMENT AND MATERIAL ACQUISITION OF SUBSIDIARIES" and "MATERIAL DISPOSAL OF AN INVESTMENT".

OPERATIONS REVIEW

(a) Technology

During the latter part of 2009, the automation and mobile handset markets showed some signs of recovery. However, as such projects involve substantial capital investments and resources, management continues to take a cautious and critical review on potential business opportunities.

(b) Trading

The Group's trading business comprises of distribution of imported automation products, trading of electronic related components and mobile phone modules.

Although the profit margin is quite low from the trading of mobile modules and electronic components, they require less financial resources and the risk can be mitigated by effective operation procedures. As such, the Group will continue such trading business and finding ways to improve the profit margin.

(c) Property investment

Property investment represents rental income from investment properties situated in the PRC and in Hong Kong.

The investment properties comprises of six units of office premises in Hong Kong with a total saleable area of approximately 4,582 square feet and the research and development centre in Shenzhen, the PRC ("R&D Centre") with a total floor area of approximately 15,084 square metres.

(d) Property development

The Group currently holds a property development project which comprised of property A and property B both situated in Zhuhai City, Guangdong Province, the PRC ("Zhuhai projects"). As at 31 December 2009, approximately 80% of the residential and commercial units under property A have been sold to buyers. Property B is under construction and scheduled to be completed in May 2011.

LIQUIDITY AND FINANCIAL RESOURCES

The Group is vigorously dedicated to improving its financial position. We achieved a significant increase in net current assets, with approximately RMB423,153,000 as at 31 December 2009 instead of net current liabilities of approximately RMB182,293,000 as at 30 June 2009. The bank balance and cash of the Group have also increased significantly, at 31 December 2009, bank balance and cash comprised of pledged bank balance of approximately RMB12,609,000 (30 June 2009: RMB12,584,000) and unpledged bank balance and cash of approximately RMB148,905,000 (30 June 2009: RMB13,289,000). At 31 December 2009, the total amount of bank balance and cash was approximately RMB161,514,000 (30 June 2009: RMB25,873,000) which was mainly generated from sales of properties from our Zhuhai projects.

As at 31 December 2009, the total assets of the Group were approximately RMB1,416,902,000, representing an increase of approximately 474% as compared to 30 June 2009. As at 31 December 2009, the Group had total borrowings of approximately RMB116,873,000 (30 June 2009: RMB118,757,000), approximately RMB71,734,000 of which is owed to Bank of China, Shenzhen branch (the "Bank"). Although a judgment was made in favour of the Bank by the Shenzhen Arbitration Commission, the bank has principally agreed not to demand immediate full repayment from the Group and we have had numerous discussions with the Bank for the restructuring of the outstanding debts into a loan secured against the R&D Centre. The Company is continuing the negotiations for the restructuring of the guarantee provision of RMB60,700,000 and short-term bank loan of approximately RMB71,734,000 with the Bank ("Restructuring Proposal"). However, the terms and repayment schedules have not yet been finalised.

Taking into account of the broadening of the revenue base, the finalisation of the Restructuring Proposal in the near future, the ability of the Company to raise additional funds, and the Company's right to defend the questionable claims, the Directors are confident that the Group has sufficient resources to meet in full its financial obligations as they fall due in the foreseeable future.

CAPITAL STRUCTURE

The issued ordinary share capital of the Company as at 31 December 2009 was HK$85,198,000 divided into 851,980,000 shares of HK$0.10 each (30 June 2009: HK$42,918,000 divided into 429,180,000 shares of HK$0.10 each). As at 31 December 2009, the issued convertible redeemable preference share capital was HK$35,000,000 divided into 350,000,000 shares of HK$0.10 each (30 June 2009: HK$35,000,000 divided into 350,000,000 shares of HK$0.10 each) and the convertible redeemable preference A share capital was HK$11,000,000 divided into 110,000,000 shares of HK$0.10 each (30 June 2009: HK$11,000,000 divided into 110,000,000 shares of HK$0.10 each). As at 31 December 2009, none of the convertible redeemable preference shares and convertible redeemable preference A shares were converted into ordinary shares.

As at 31 December 2009, the Group's current bank borrowings are approximately RMB105,194,000. The Group's bank borrowings are denominated in Renminbi ("RMB") and Hong Kong dollars ("HKD"). Out of such borrowings of RMB83,734,000 are denominated in RMB of which approximately RMB71,734,000 carries fixed interest rate whilst the loan of approximately RMB12,000,000 carries interest at prevailing market rates.

In addition, the remaining loan of HKD24,386,000 (approximately RMB21,460,000) are revolving loan and mortgage loan. The secured bank loans carry interest at the prevailing market interest rates. The effective interest rates of the secured bank loans at 31 December 2009 ranged from 1.80% to 3.18 % per annum.

Total bank borrowings of the Group is approximately RMB116,873,000 as at 31 December 2009 (30 June 2009: RMB118,757,000).

FOREIGN CURRENCY EXPOSURE

The Group mainly earns revenues and incurs costs in RMB, United States dollars and HKD. The Group's monetary assets and liabilities are denominated in RMB, United States dollars and HKD. Although the exchange rate of United States dollars against HKD were relatively unstable during the period under review, since the Group has no financial instrument for hedging purposes, treasury and funding policies, therefore the Group's exposure to fluctuations in exchange rates is considered minimal.

CHARGE ON ASSETS

As at 31 December 2009, certain of the Group's investment properties, leasehold buildings, prepaid lease payments, property under development and time deposits with an aggregate net carrying value of approximately RMB454,408,000 were pledged to banks for securing revolving loans and general banking facilities granted to the Group (30 June 2009: approximately RMB73,905,000).

SIGNIFICANT INVESTMENT AND MATERIAL ACQUISITION OF SUBSIDIARIES

On 19 May 2009, Hill Light, a wholly-owned subsidiary of the Company, entered into the conditional sale and purchase agreement with Ms. Wong Sio Leng ("Ms. Wong") pursuant to which Hill Light has conditionally agreed to acquire for and Ms. Wong conditionally agreed to dispose of the sale shares, being the entire issued capital of the Ocean Vast Corporation Limited ("Ocean Vast"), at a consideration of RMB69,300,000 (equivalent to approximately HK$78,750,000) by allotting 175,000,000 shares in the capital of the Company to Ms. Wong at an issue price of HK$0.45 each. On the completion date of the investment in Ocean Vast, total fair value of the consideration was approximately RMB178,579,000 (equivalent to approximately HK$203,000,000)

On 11 August 2009, the Company entered into a sale and purchase agreement (as supplemented by the supplemental agreement dated 20 August 2009) with the Mr. Ho pursuant to which the Company conditionally agreed to acquire for and Mr. Ho has conditionally agreed to dispose of the sale shares, being the entire issued capital of Boom Lotus Holdings Limited ("Boom Lotus"), a company established in the British Virgin Islands with limited liability and is wholly-owned by Mr. Ho, at a total consideration of HK$587,532,000 (equivalent to RMB517,028,000) (the "Boom Lotus Acquisition").

Pursuant to the sale and purchase agreement, the consideration for the Boom Lotus Acquisition shall be settled by the Company by a combination of the issuance and allotment of consideration shares and cash.

Boom Lotus is an investment holding company incorporated in the British Virgin Islands on 7 December 2007 with limited liability and is wholly-owned by Mr. Ho. Subject to the share charge, the principal asset of Boom Lotus is its 100% equity interest in Pine Global Investments Limited ("Pine Global") which in turn holds 50% equity interest in 珠海中珠房地產開發有限公司 (Zhuhai Zhongzhu Real Estate Development Company Ltd.*) ("Zhuhai Zhongzhu").

Zhuhai Zhongzhu is a sino-foreign joint venture established in the PRC on 8 November 2005 with limited liability and is owned as to 50% by Pine Global. The major asset of the Zhuhai Zhongzhu is a project which is consisted of two development properties, being Property A and Property B.

Property A is situated at West Santaishi Road, North Xiaguang Road, Zhuhai City, Guangdong Province, the PRC (中國廣東省珠海市前山三臺石路西、霞光路北側) and occupies approximately 48,382.70 square meters with a gross floor area of approximately 140,816.93 square meters. The construction of Property A was completed on 30 March 2009 and Property A has been developed into a residential and commercial complex with car parking spaces. As at the date of this report, approximately 80% of the residential and commercial units under Property A have been sold to buyers.

Property B is situated at South Renmin West Road, West Santaishi Road, Zhuhai City, Guangdong Province, the PRC (中國廣東省珠海市香洲人民西路南、三臺石路西側) and occupies approximately 57,762.92 square meters with a planned gross floor area of approximately 171,336.68 square meters. The construction of Property B has commenced in October 2009 and is expected to be completed in May 2011. Property B will be developed into a residential and commercial complex with car parking spaces.

* *The English name is for identification purpose only*

MATERIAL DISPOSAL OF AN INVESTMENT

On 3 December 2009, the Company entered into a sale and purchase agreement with Mr. Wu pursuant to which the Company has agreed to dispose of and the Mr. Wu has agreed to acquire for the entire issued share capital of Hill Light, at a total consideration of HK$126,000,000 (equivalent to approximately RMB110,880,000), details of which is set in the announcement dated 3 December 2009. The transaction was completed in December 2009.

CHANGE OF NAME

Pursuant to the resolution of the board of Directors passed on 27 October 2009, the Company announced the proposed change of the Company's name to "China Uptown Group Company Limited ("中國上城集團有限公司"). The change of name has been approved by passing of a special resolution by the shareholders of the Company at the annual general meeting of the Company held on 30 November 2009.

CHANGE OF FINANCIAL YEAR END DATE

The Board resolved on 27 October 2009 to change the financial year-end date from 30 June to 31 December in order to ensure the Company's financial year-end date is coterminous with those of its subsidiaries. Accordingly, these consolidated financial statements for the period under review covered the six-month period from 1 July 2009 to 31 December 2009. The corresponding comparative figures covered a twelve-month period from 1 July 2008 to 30 June 2009 and therefore may not be comparable with amounts shown for the current period.

EVENTS AFTER THE REPORTING PERIOD AND FUTURE PLANS FOR MATERIAL INVESTMENTS

On 19 January 2010, the Company announced the grant of 10,000,000 share options at an exercise price of HK$0.88 per share to eligible participants.

As disclosed above, it is the intention of the Company to hold the project for property development and investment in Zhuhai. The Group will continue to seek new business development opportunities.

GEARING RATIO

At 31 December 2009, the gearing ratio, expressed as a percentage of total borrowings over net assets was about 13% (30 June 2009: 516%).

SEGMENT INFORMATION

The details of segment information are set out in note 4 of this announcement.

CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following commitments for properties under development:

	31.12.2009	30.6.2009
	RMB'000	*RMB'000*
Contracted by provided for	**294,363**	–
Authorised but not contracted for	**154,551**	–

DISTRIBUTABLE RESERVES

As at 31 December 2009, the Company did not have any distributable reserves.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2009, the Group employed a total of approximately 40 full time employees (30 June 2009: 30) in Hong Kong and the PRC. Total staff cost for the six-month period ended 2009 was approximately RMB12,328,000, which included share option of approximately RMB10,063,000 (for the year ended 30 June 2009: approximately RMB4,828,000). 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.

LITIGATIONS AND CONTINGENT LIABILITIES

During the period, regarding the litigation as to the claims of approximately RMB9,500,000 raised by the main contractor of the R & D Centre, the relevant PRC court has made a judgement in favour of the plaintiff in December 2007. In January 2008, the Company submitted the appeal application to the relevant PRC court. In May 2008, the Company and the main contractor entered into a mutual agreement to withdraw from the litigation by settling a reasonable amount. But in early September 2008, the main contractor applied through the relevant PRC court to demand the Company settle the retainer fee due being RMB550,000 together with penalty. On 10 September 2008, the Company submitted a counterclaim to the relevant court counterclaiming the contractor breach of the subject agreement and is pending decision from the court.

In addition, Techwayson Industrial Limited ("TIL"), a subsidiary of the Company is in the best efforts to negotiate with the Bank of China, Shenzhen branch to finalise the terms of the debt-restructuring proposal on the RMB71,734,000 overdue bank loan and the RMB60,700,000 guaranteed provisions and RMB44,676,000 accrued interest.

On 17 July 2008, TIL received a writ of summons issued by the Intermediate People's Court, Shenzhen City, the PRC, in respect of a claim of approximately RMB22,000,000 made by an independent third party (the "Party") against TIL, for a guarantee alleged to have been given by TIL in favour of the Party in November 2005. TIL has appointed a firm of PRC legal counsel to assist in the gathering of information and the investigation into the circumstances giving rise to the claim. The said firm of PRC legal counsel has defended the questionable claim during the court hearing late in October 2008 and is waiting for the court's judgment.

On November 2008, TIL (as plaintiff), brought a civil claim (the "Claim") against 上海天可華能源科技有限公司 (Shanghai Tian Ke Hua Power Technology Co., Ltd.* ("Tian Ke Hua") and 西安盈豐科技股份有限公司 (Xi'an Ying Feng Technology Co., Ltd*) ("Ying Feng") (both Tian Ke Hua and Ying Feng are defendants) for, inter alia, breach of contracts in respect of payment of service fees for certain construction works performed by TIL in the People's Republic of China.

On 21 April 2009, a judgment (the "Judgment") in respect of the Claim was handed down by 上海市第一中級人民法院 (First Intermediate People's Court of Shanghai*) which was received by the Company on 7 May 2009. According to the Judgment, TIL was awarded the outstanding service fees of RMB14,860,000 (equivalent to approximately HK$16,886,360) together with liquidated damages calculated at the rate of RMB0.001 per day.

Tian Ke Hua filed a notice of appeal (the "Appeal") against the Judgment with 上海市高級人民法院 (Higher People's Court of Shanghai*) within the time limit for appeal stated under the Civil Procedure Law of the PRC on 14 May 2009. During the appeal hearing on 28 December 2009, Tien Ke Hua requested for a settlement agreement whereby it agreed to pay TIL RMB14,000,000 as full and final settlement. TIL agreed and the said funds was received on 29 December 2009. On 13 January 2010, the TIL received a civil judgment dated 8 January 2010 approving Tien Ke Hua's application to the PRC court to withdraw the Appeal and thus the whole legal proceeds have been completed.

On 20 October 2009, the TIL received a writ of summons from Ying Feng. Ying Feng (as plaintiff) brought a civil claim at 山西省長治市中級人民法院 (Intermediate People's Court of Changzhi City, Shanxi Province*) against TIL, (as defendant), for damages of approximately RMB6,970,000 (equivalent to approximately HK$7,920,000) in respect of product liability arising from defects in the Programmable Logic Controllers system used in 長鋼 blast furnace top gas recovery turbine unit project (Changgang TRT project*) designed and manufactured by TIL.

On January 2010, the TIL received a civil judgment from the Intermediate People's Court of Changzhi City, Shanxi Province* approving Ying Feng's application to the PRC court to withdraw the writ of summons, which forms an integral part of the Settlement Agreement reached between TIL and Tien Ke Hua on 28 December 2009. As such, this litigation has been closed.

The Group had arranged for bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments during the period from 1 July 2009 to 31 December 2009. The outstanding amount guarantees amounted to RMB90,759,000 (30 June 2009: Nil).

On 14 December 2009, the Company received a writ of summons from Global Tide Limited ("Global Tide"). Global Tide (as plaintiff) brought a claim (the "Claim") against the Company (as first defendant) and Mr. Siek Fui (also known as Andy Siek) (as second defendant), a former executive Director of the Company, for damages of approximately HK$8,834,000 in respect of breach of warranties and representations given by the Company in the sale and purchase agreement dated 30 June 2008 entered into between the Company and Global Tide in connection with the sale of entire interest in Magic Gain Investments Limited, which held 25% shareholding in Orient Metro Limited and in turn owned 95% shareholding in PT Orient Metro Utama, which carried out the services of exploration, excavating, processing of minerals and mining operation and management etc in Indonesia.

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The plaintiff, inter alia, alleged that the Company failed to disclose the expiry of the exploration licence and/or the actual amount of capital injection to Orient Metro Limited. As such, the plaintiff alleged that the Company was in breach the warranties and representations given by it in the Agreement.

The Company has sought legal advice in respect of the merits of the Claim and will defend the Claim vigorously. On 16 March 2010, we have filed our Defence with the Court. On 23 March 2010, our solicitors have filed and served a Notice of Contribution on the Solicitors for the Plaintiff and the Solicitors for the 2nd Defendant.

PROSPECTS

The period from 1 July 2009 to 31 December 2009 has been a challenging period for the Group, facing both threats and opportunities caused by the financial tsunami. Whilst the Technology and Trading business showed signs of recovery, we are still cautious in exploring and expanding the business.

As a result of the expansionary policies executed by major economies in the world, especially the PRC government, the PRC economy has rebounded significantly in the second half of 2009. With the combined effect of low interest rates and strong underlying demand, the PRC's property market experienced a very significant rebound and property prices have rocketed in major cities such as Beijing and Shanghai. Taking advantage of the unstable environment with underlying growth opportunities, the Group invested in property development in Zhuhai, the PRC. For Property B, under our acquisition of Boom Lotus, which will be developed into a residential and commercial complex, construction has started in late 2009. It is preliminary scheduled to start pre-sale of properties by the end of 2010 which will further strengthen the Company's cash flow position.

In 2010, in view of a possible property market bubble, the PRC government has taken various monetary and policy measures with an aim to slow down the surge in property prices. As such, in 2010 the PRC property market has become more volatile and uncertain. The Board is of the view that though there may be short-term unfavorable impact on the property market, these measures are good in the long-term for stability and healthy development of the property market. With growing GDP and increasing wealth of individuals in the PRC, there are strong underlying demand in real estate and thus, long-term development remains healthy.

Furthermore, the recent upsurge in property prices, mainly in first tier cities such as Beijing and Shanghai. Second and third tier cities experienced a smaller upsurge and there are room for catching up, especially those cities with beautiful environment, good town planning and well planned transportation network, such as Zhuhai, the PRC. Zhuhai is one of the fastest growing city in the Guangdong Province and in 2009 alone the Zhuhai Government invested over RMB24 billion in infrastructure projects, noticeably the Hong Kong-Zhuhai-Macau bridge (the "Bridge"). The Bridge will have a total length of approximately 50km with 6 expressway lanes. Once completed, it will greatly enhance the economy of Zhuhai and the property market will also benefit. As some members of the Board are well experienced in the property market in southern China, especially in Zhuhai, therefore the Board will continue to focus on investment opportunities there which have high quality and low cost land for large to medium scale development projects in the coming 3 to 5 years. In addition, the Group will continue to explore the feasibility of establishing a wholly-owned project investment company in Zhuhai with a team of property management professionals to manage our property projects.

During the year, the Board has taken various reorganisation measures to enhance efficiency and cash flow. It is the Company's objective to achieve a strong financial position and generate satisfactory returns for the shareholders and both the directors and management are dedicated to achieving this objective in the near future.

FINAL DIVIDEND

The Board does not recommend any payment of final dividend for the six-month period ended 31 December 2009 (for the year ended 30 June 2009: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six-month period ended 31 December 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the six-month period ended 31 December 2009.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") 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 of the Company confirm that all Directors have complied with the required standard set out in the Model Code during the six-month period ended 31 December 2009.

AUDIT COMMITTEE AND FINANCIAL INFORMATION

The Company established an audit committee with written terms of reference in compliance with the requirements as set out in the Listing Rules for the purposes of reviewing and supervising the financial reporting process and internal controls of the Group. The audit committee currently comprises Mr. POON Lai Yin, Michael (Chairman), Mr. CHONG Yiu Chik and Mr. CHOI Kai Ming, Raymond. The audit committee has reviewed and discussed with the management and the external auditors financial reporting matters including the annual results for the six-month period ended 31 December 2009.

AUDITORS

Grant Thornton was auditors of the Company for the year ended 30 June 2007 and resigned as auditors of the Company on 12 August 2008.

Messers. SHINEWING (HK) CPA Limited ("SHINEWING") was appointed as auditors of the Company on 8 September 2008 and the consolidated financial statements for the two years ended 30 June 2008 and 2009 and the six-month period ended 31 December 2009 was audited by SHINEWING. A resolution for the re-appointment of SHINEWING as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

PUBLICATION ON ANNUAL RESULTS AND ANNUAL REPORT

The result announcement for the six-month period ended 31 December 2009 is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.chinauptown.com.hk. The annual report will be despatched to the shareholders of the Company and will also be available for viewing at the aforesaid websites in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank the shareholders for their continuous support to the Company and extend my appreciation to all management and staff members for their contribution and dedication throughout the period.

By Order of the Board
China Uptown Group Company Limited
Chen Xian
Chairman

Hong Kong, 21 April 2010

RESULTS

The board of directors (the ''Board'') of China Uptown Group Company Limited (formally known as The Quaypoint Corporation Limited) (the ''Company'') is pleased to announce the audited consolidated financial information of the Company and its subsidiaries (collectively referred to as the ''Group'') for the six-months ended 31 December 2009, together with the audited comparative figures for the year ended 30 June 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 July 2009 to 31 December 2009

	Notes	**1.7.2009 to 31.12.2009** *RMB'000*	1.7.2008 to 30.6.2009 *RMB'000*
Turnover	*3*	**140,120**	287,780
Cost of sales		**(134,826)**	(274,808)
Gross profit		**5,294**	12,972
Other operating income	*3*	**7,684**	3,980
Selling and distribution costs		**(194)**	(471)
Reversal of impairment loss recognised in respect of trade receivables		**10,629**	1,767
Reversal of bad debts directly written off		**4,794**	2,520
Administrative expenses		**(11,131)**	(15,514)
Change in fair value of investment properties		**6,826**	(8,240)
Loss on disposal of available-for-sale investment		**(67,699)**	–
Equity-settled share-based payment expenses		**(10,063)**	–
Finance costs	*5*	**(7,918)**	(15,561)
Loss before taxation		**(61,778)**	(18,547)
Income tax expense	*6*	**(2,070)**	–
Loss for the period/year	*7*	**(63,848)**	(18,547)
Exchange differences arising on translation of financial statements of foreign operations and total other comprehensive expenses for the period/year		**(129)**	(886)
Total comprehensive expenses for the period/year		**(63,977)**	(19,433)
Loss for the period/year attributable to:			
Owners of the parent		**(63,167)**	(18,547)
Minority interests		**(681)**	–
		(63,848)	(18,547)
Total comprehensive expenses for the period/year attributable to:			
Owners of the parent		**(63,296)**	(19,433)
Minority interests		**(681)**	–
		(63,977)	(19,433)
Loss per share			
Basic and diluted	*8*	**RMB10.30 cents**	RMB4.33 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2009

	Notes	31.12.2009 RMB'000	30.6.2009 RMB'000
Non-current assets			
Property, plant and equipment		**19,362**	19,858
Investment properties		**236,206**	167,765
Prepaid lease payments		**17,486**	17,675
Goodwill		**184,231**	–
Available-for-sale investments		**–**	–
		457,285	205,298
Current assets			
Properties under development		**376,259**	–
Properties held for sale		**281,626**	–
Trade and other receivables	*9*	**139,313**	14,887
Prepaid lease payments		**395**	397
Held-to-maturity investments		**–**	–
Held for trading investments		**510**	565
Bank balances and cash			
– pledged		**12,609**	12,584
– unpledged		**148,905**	13,289
		959,617	41,722
Current liabilities			
Trade and other payables	*10*	**368,964**	55,837
Provision for claims	*11*	**60,700**	60,700
Income tax payable		**1,606**	–
Bank borrowings – repayable within one year		**105,194**	107,478
		536,464	224,015
Net current assets (liabilities)		**423,153**	(182,293)
		880,438	23,005
Capital and reserves			
Ordinary share capital		**81,232**	44,031
Convertible redeemable preference shares		**184,653**	184,653
Reserves		**86,562**	(216,958)
Equity attributable to owners of the parent		**352,447**	11,726
Minority interests		**299,574**	–
Total equity		**652,021**	11,726
Non-current liabilities			
Bank borrowings – due after one year		**11,679**	11,279
Consideration payable		**143,097**	–
Deferred taxation		**73,641**	–
		228,417	11,279
		880,438	23,005

Notes:

1. BASIS OF PREPARATION

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

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

During the current financial period, the reporting period end date of the Group was changed from 30 June to 31 December because the directors of the Company determined to bring the annual reporting period end date of the Group in line with that of its subsidiaries which operate in the People's Republic of China (the "PRC") following the acquisition of certain major subsidiaries in the PRC during the period. Accordingly, the consolidated financial statements for the current period cover the six months period from 1 July 2009 to 31 December 2009. The corresponding comparative amounts shown for the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a twelve months period from 1 July 2008 to 30 June 2009 and therefore may not be comparable with amount shown for the current period.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current period, the Group has applied the following new and revised standards, amendments to standards and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Hong Kong Accounting Standard ("HKAS") 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 & HKAS 27 (Amendments)	Cost of investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Interpretation ("INT") 15	Agreements for the Construction of Real Estate
HK(IFRIC) – INT 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – INT 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – INT 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs Issued in 2008
HKFRSs (Amendments)	Improvements to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKFRSs (Amendments)	Improvements to HKFRSs 2009

Except as described below, the adoption of the above new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Impact of new and revised HKFRSs

HKFRS 3 (Revised 2008) "Business Combinations"

HKFRS 3 (Revised 2008) has been adopted in the current period (business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2009). Its adoption has affected the accounting for business combinations in the current period.

The impact of the adoption of HKFRS 3 (Revised 2008) has been:

- to change the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (the "Measurement Period") (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in profit or loss; and

- to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

In the current period, these changes in policies have affected the accounting for the acquisition of Boom Lotus Limited as follows.

Consolidated statement of financial position

	31.12.2009 ***RMB'000***
Adjustment to the fair value of purchase consideration to reflect the cash discount on early settlement of the purchase consideration granted to the Group during the Measurement Period	**6,299**
Acquisition-related cost expensed when incurred (profit or loss)	**2,356**
Reduction in goodwill recognised as a result of adoption of HKFRS 3 (Revised 2008)	**8,655**

Consolidated statement of comprehensive income

	1.7.2009 **to 31.12.2009** ***RMB'000***
Acquisition-related cost expensed when incurred (included in administrative expenses) and increase in loss for the period as a result of the adoption of HKFRS 3 (Revised 2008)	**2,356**

HKFRS 3 (Revised 2008) has also required additional disclosures in respect of the business combinations in the period.

Results in future periods may be affected by future impairment losses relating to the decreased goodwill, and by changes in the fair value of contingent consideration recognised as a financial liability.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) "Presentation of Financial Statements"

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 "Operating Segments"

HKFRS 8 is a disclosure standard that has changed the basis of measurement of the Group's segment profit or loss. However, the adoption of HKFRS 8 has not resulted in a re-designation of the Group's reportable segments.

Improving Disclosures about Financial Instruments

(Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRSs as part of Improvements to HKFRS 2009[1]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[4]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[1]
HKFRS 9	Financial Instruments[5]
HK (IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[3]
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[4]

[1] Effective for annual periods beginning on 1 January 2010.
[2] Effective for annual periods beginning on or after 1 February 2010.
[3] Effective for annual periods beginning on or after 1 January 2011.
[4] Effective for annual periods beginning on or after 1 July 2010.
[5] Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of Improvements to HKFRSs (2009), HKAS 17 Leases has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

The directors of the Company anticipate that the application of the other new and revised standards and amendments will have no material impact on the consolidated financial statements.

3. TURNOVER AND OTHER OPERATING INCOME

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers, less returns and discounts and sales related taxes.

An analysis of the Group's turnover for the period/year is as follows:

	1.7.2009 to 31.12.2009	1.7.2008 to 30.6.2009
	RMB'000	*RMB'000*
Turnover		
Sales of automation products and electronic components	**107,358**	273,880
Sales of properties	**27,516**	–
Gross rental income from investment properties *(Note a)*	**5,246**	13,900
	140,120	287,780
Other operating income		
Change in fair value on held for trading investments	**–**	143
Exchange gain, net	**60**	891
Interest income	**420**	242
Reversal of impairment loss recognised in respect of inventories *(Note b)*	**269**	1,193
Reversal of impairment loss recognised in respect of other receivables	**176**	442
Waiver of trade payables	**6,576**	897
Sundry income	**183**	172
	7,684	3,980
Total revenues	**147,804**	291,760

(a) An analysis of the Group's net rental income is as follows:

	1.7.2009 to 31.12.2009	1.7.2008 to 30.6.2009
	RMB'000	*RMB'000*
Gross rental income from investment properties	**5,246**	13,900
Less: Outgoings (included in cost of sales)	**(341)**	(2,300)
Net rental income from investment properties	**4,905**	11,600

(b) During the period, certain impaired inventories were sold at a gross profit. As a result of the reversal of impairment of inventories of approximately RMB269,000 (for the year ended 30 June 2009: RMB1,193,000) has been recognised and included in the consolidated statement of comprehensive income for the six months ended 31 December 2009.

4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 "*Segment Reporting*') required an entity to identify two sets of segments (business and geographical), using a risks and returns approach.

In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

For management purposes, the Group is currently organised into four operating divisions – technology, trading, property investment and property development.

Principal activities are as follows:

Technology	–	Povision of technical and consultancy services including the provision of automation products on a project basis.
Trading	–	Trading of automation products and electronic components.
Property investment	–	Rental income arising from investment properties situated in the PRC and in Hong Kong.
Property development	–	Development of properties in the PRC.

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results by reporting segment:

	Technology		Trading		Property investment		Property development		Consolidated	
	1.7.2009 to 31.12.2009	1.7.2008 to 30.6.2009	**1.7.2009 to 31.12.2009**	1.7.2008 to 30.6.2009	**1.7.2009 to 31.12.2009**	1.7.2008 to 30.6.2009	**1.7.2009 to 31.12.2009**	1.7.2008 to 30.6.2009	**1.7.2009 to 31.12.2009**	1.7.2008 to 30.6.2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Turnover	**–**	–	**107,358**	273,880	**5,246**	13,900	**27,516**	–	**140,120**	287,780
Segment results	**14,794**	2,520	**3,849**	(2,387)	**11,342**	3,854	**350**	–	**30,335**	3,987
Interest income									**420**	242
Loss on disposal of available-for-sale investment									**(67,699)**	–
Unallocated corporate income									**61**	54
Unallocated corporate expenses									**(16,977)**	(7,269)
Finance costs									**(7,918)**	(15,561)
Loss before taxation									**(61,778)**	(18,547)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represents the results of each segment without allocation of interest income, loss on disposal of available-for-sale investment, central administration costs, directors' emoluments and finance costs. This is the measure reported to the chief operating decision maker of the Group for the purposes of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

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

	Technology		Trading		Property investment		Property development		Consolidated	
	At 31.12.2009	At 30.06.2009	**At 31.12.2009**	At 30.06.2009	**At 31.12.2009**	At 30.06.2009	**At 31.12.2009**	At 30.06.2009	**At 31.12.2009**	At 30.06.2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment assets	**–**	–	**29,209**	30,663	**257,518**	189,396	**850,127**	–	**1,136,854**	220,059
Held for trading investments									**510**	565
Unallocated corporate assets										
– Bank balances and cash									**161,514**	25,873
– Consideration receivable									**110,880**	–
– Others									**7,144**	523
Consolidated total assets									**1,416,902**	247,020
Segment liabilities	**–**	–	**(6,707)**	(13,155)	**(454)**	(3,232)	**(198,597)**	–	**(205,758)**	(16,387)
Unallocated corporate liabilities										
– Bank borrowings									**(116,873)**	(118,757)
– Provision for claims									**(60,700)**	(60,700)
– Income tax payable									**(1,606)**	–
– Deferred taxation									**(73,641)**	–
– Consideration payable									**(262,777)**	–
– Others									**(43,526)**	(39,450)
Consolidated total liabilities									**(764,881)**	(235,294)

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

- all assets are allocated to reportable segments other than held for trading investments, bank balances and cash and consideration receivable. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- all liabilities are allocated to reportable segments other than bank borrowings, provision for claims, income tax payable, deferred taxation and consideration payable. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

(c) Geographical information

For the period ended 31 December 2009, over 90% (for the year ended: 30 June 2009 over 90%) of the Group's revenue and assets are derived from customers and operations based in the PRC including Hong Kong and accordingly, no further analysis of the Group's geographical information is disclosed.

(d) Revenues from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	1.7.2009 to 31.12.2009	1.7.2008 to 30.6.2009
	RMB'000	*RMB'000*
Customer A	**53,719**	96,763
Customer B	**40,612**	87,880
	94,331	184,643

All the above revenue was from the trading segments.

5. FINANCE COSTS

	1.7.2009 to 31.12.2009 *RMB'000*	1.7.2008 to 30.6.2009 *RMB'000*
Interest expenses on:		
– bank overdraft	**–**	3
– bank borrowings wholly repayable within 5 years	**5,972**	15,065
– bank borrowings not wholly repayable within 5 years	**192**	348
– imputed interest expenses on consideration payable	**1,754**	–
– trust receipt loan	**–**	145
	7,918	15,561

6. INCOME TAX EXPENSE

	1.7.2009 to 31.12.2009 *RMB'000*	1.7.2008 to 30.6.2009 *RMB'000*
Current tax		
– PRC Enterprise Income Tax	**1,090**	–
– PRC Land Appreciation Tax ("LAT")	**5,938**	–
	7,028	–
Deferred taxation	**(4,958)**	–
	2,070	–

(a) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the period from 1 July 2009 to 31 December 2009 and year ended 30 June 2009.

Hong Kong Profits Tax has not been provided for in the consolidated financial statements as the Group has no assessable profits for the period from 1 July 2009 to 31 December 2009.

Hong Kong Profits Tax has not been provided for in the consolidated financial statements as the Group has sufficient tax losses brought forward to offset against the assessable profits for the year ended 30 June 2009.

(b) Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the Enterprise Income Tax rate of certain subsidiaries of the Company, which previously ranged from 15% to 33%, was changed to 25% from 1 January 2008 onwards.

In accordance with the tax legislations applicable to foreign investment enterprises, one subsidiary is entitled to exemptions from the PRC EIT for the first year commencing from the first profit-making year of operation and thereafter, entitled to a 50% relief from the PRC EIT for the following two years. According to the New Law, the first year income tax exemption commenced for the year ended 31 December 2008 and the subsidiary enjoys the second year income tax exemption for the period ended 31 December 2009.

(c) The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at progressive rates ranging from 30% to 60% on the appreciation value, with certain allowable deductions including land costs and the relevant property development expenditures. According to the State Administration of Taxation's official circulars, LAT shall be payable provisionally upon sales of the properties, followed by final ascertainment of the gain at the completion of the properties development.

7. LOSS FOR THE PERIOD/YEAR

	1.7.2009 to 31.12.2009 *RMB'000*	1.7.2008 to 30.6.2009 *RMB'000*
Loss for the period/year has been arrived at after charging:		
Staff cost (including directors' emoluments):		
Salaries, wages and other benefits in kind	**2,224**	4,696
Share-based payment	**10,063**	–
Retirement benefit scheme contributions	**41**	132
	12,328	4,828
Amortisation of prepaid lease payments	**198**	397
Auditors' remuneration	**730**	735
Change in fair value of held for trading investments	**55**	–
Cost of inventories recognised as expenses	**134,485**	272,508
Depreciation of property, plant and equipment	**871**	2,021
Impairment loss recognised in respect of trade receivables	**7**	413
Impairment loss recognised in respect of other receivables*	**1,052**	84
Operating lease rentals of equipment	**8**	15
Loss on disposal of property, plant and equipment	**–**	405

* *These amounts are included in administrative expenses*

8. LOSS PER SHARE

The calculation of basic loss per share for the period from 1 July 2009 to 31 December 2009 is based on the consolidated loss attributable to owners of the parent of approximately RMB63,167,000 (for the year ended 30 June 2009: consolidated loss attributable to owners of the parent of approximately RMB18,547,000) and the weighted average number of 613,080,000 shares (for the year ended 30 June 2009: 428,731,000 shares) in issue during the period.

No diluted loss per share is presented for the six months ended 31 December 2009 and year ended 30 June 2009 as the effect of the exercise of the Company's outstanding share options and convertible redeemable preference shares was anti-dilutive.

9. TRADE AND OTHER RECEIVABLES

	31.12.2009 *RMB'000*	30.6.2009 *RMB'000*
Trade receivables	**17,333**	26,120
Less: Impairment loss recognised	**(4,086)**	(14,707)
	13,247	11,413
Prepayments, deposits and other receivables	**16,752**	4,164
Consideration receivable	**110,880**	–
Less: Impairment loss recognised	**(1,566)**	(690)
	139,313	14,887

Customers are normally required to settle the debts within one to two months upon issue of invoices, except for certain well established customers where the terms are extended to two to three months.

An aged analysis of trade receivables, net of impairment loss recognised presented based on invoice date is as follows:

	31.12.2009	30.6.2009
	RMB'000	*RMB'000*
0 – 60 days	**7,569**	419
61 – 90 days	**–**	–
91 – 365 days	**124**	–
Over 365 days	**5,554**	10,994
	13,247	11,413

10. TRADE AND OTHER PAYABLES

	31.12.2009	30.6.2009
	RMB'000	*RMB'000*
Trade payables	**31,883**	7,589
Accrued interest	**44,676**	39,154
Receipt in advance	**128,078**	–
LAT payables	**27,421**	–
Consideration payable	**119,680**	–
Accrued expenses and other payables	**17,226**	9,094
	368,964	55,837

Receipt in advance represents sales proceeds received from buyers in connection with the Group's pre-sale of properties during the period from 1 July 2009 to 31 December 2009.

The Group normally receives credit periods from suppliers ranging from 30 days to 90 days.

An aged analysis of trade payables is as follows:

	31.12.2009	30.6.2009
	RMB'000	*RMB'000*
0 – 60 days	**31,729**	733
61 – 90 days	**–**	–
91 – 365 days	**92**	280
Over 365 days	**62**	6,576
	31,883	7,589

11. PROVISION FOR CLAIMS

	31.12.2009	30.6.2009
	RMB'000	*RMB'000*
At beginning of the period/year	**60,700**	65,941
Settlement during the period/year	**–**	(5,241)
At end of the period/year	**60,700**	60,700

(a) At 1 July 2008, provision for claims included an amount of approximately RMB5,241,000 (30 June 2009: Nil) set aside in respect of alleged guarantees which are said to be issued by a PRC subsidiary of the Company. Under the preliminary settlement agreement with the bank (the "Bank"), the Group has agreed to settle the amount and to pledge its leasehold buildings, prepaid lease payments and investments properties in the PRC as a security. The Group has settled approximately RMB5,241,000 during the year ended 30 June 2009.

(b) At 31 December 2009, the Group's remaining provision for claims of approximately RMB60,700,000 (30 June 2009: RMB60,700,000) was in respect of a claim made in 2008. In 2008, another branch office of the Bank made a claim against a PRC subsidiary of the Company under a corporate guarantee allegedly provided by the subsidiary to the Bank in respect of a third party. A judgment was made by the relevant court on the litigation in favour of the Bank.

On 23 October 2007, the PRC subsidiary and the Bank entered into a non-binding memorandum of understanding ("MOU") under which both parties agreed that the aggregate principal and interests of the amount of approximately RMB60,700,000 would be restructured into a term of not less than 1 year and not more than 3 years against the pledge of the Group's leasehold buildings, prepaid lease payments and investment properties in the PRC (to be secured under the above guarantee provisions of approximately RMB60,700,000 and the bank loan of approximately RMB71,734,000 as at 31 December 2009 (30 June 2009: RMB74,734,000) and certain amount of accrued interest would be waived.

Although the formal execution of the security and final settlement agreements for the guarantee provision of approximately RMB60,700,000 have not yet been finalised. Up to the date of approval of these consolidated financial statements, the Bank have not demanded immediate repayment. The Group is still in the process of negotiating with the Bank to finalise the terms of the settlements and considers there is no immediate liquidity difficulty.

12. ACQUISITION OF SUBSIDIARIES

On 20 November 2009, the Group completed the acquisition of the entire equity interest in Boom Lotus Holdings Limited, and its subsidiaries, Pine Global Holdings Limited and Zhuhai Zhongzhu Real Estate Development Co., Ltd. (collectively refers to as "Boom Lotus Group") for a consideration of HK$587,532,000 (equivalent to approximately RMB517,028,000). The consideration was settled by issuance and allotment of 246,800,000 ordinary shares of the Company at par value of HK0.10 each. The fair value of the ordinary shares of the Company, determined using published price available at the date of the acquisition was HK$0.99 per share, amounting to approximately HK$244,332,000 (equivalent to approximately RMB215,012,000) and the remaining consideration of approximately HK$343,200,000 (equivalent to approximately RMB302,016,000) will be settled by cash payable by the Company on or after 24 months from the completion date. This acquisition has been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was RMB184,231,000.

The net assets acquired in this transaction, and the goodwill arising, are as follows:

	Acquiree's carrying amount *RMB'000*	Fair value adjustment *RMB'000*	Fair value *RMB'000*
Net assets acquired			
Property, plant and equipment	284	–	284
Investment properties	61,600	–	61,600
Properties under development	292,689	81,711	374,400
Property held for sales	146,707	162,093	308,800
Other receivables	10,757	–	10,757
Bank balances and cash	161,762	–	161,762
Trade and other payables	(246,429)	–	(246,429)
Income tax payable	(516)	–	(516)
Deferred taxation	(11,462)	(67,137)	(78,599)
			592,059
Minority interests			(300,255)
Goodwill			184,231
Total consideration			476,035
Total consideration satisfied by:			
Consideration payable			261,023
Issue of shares			215,012
			476,035
Net cash inflow arising on acquisition:			
Bank balances and cash acquired			161,762

The goodwill arising on acquisition of Boom Lotus Group is attributable to the anticipation profitability of the real estate business.

Boom Lotus Group contributed approximately RMB27,516,000 and RMB1,331,000, to the Group's turnover and loss for the period between the date of acquisition and the end of the reporting period respectively.

If the acquisition had been completed on 1 July 2009, total Group's turnover for the period from 1 July 2009 to 31 December 2009 would have been increased to RMB184,398,000 and contributed approximately RMB17,587,000 profit for the period from 1 July 2009 to 31 December 2009. The pro forma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2009, nor is it intended to be a projection of future results.

13. COMMITMENTS

(a) Commitments under operating leases

The Group as lessor

Property rental income earned during the six months period was approximately RMB4,905,000 (year ended 30 June 2009: RMB11,600,000). The investment properties generated rental yields of 2.08% (30 June 2009: 6.91%) on an ongoing basis. The investment properties held have committed tenants for the next two to five years (30 June 2009: one to five years).

At the end of the reporting period, the Group had contracted with tenants for the following minimum lease payments:

	31.12.2009	30.6.2009
	RMB'000	*RMB'000*
Within one year	**5,362**	11,951
In the second to fifth years inclusive	**5,322**	8,182
	10,684	20,133

The Group as lessee

The Group leases certain of its equipment under operating leases arrangements. Leases are negotiated for a term ranging from two to five years (30 June 2009: two to five years) and rentals are fixed. None of the leases includes contingent rentals and terms of renewal were established in the leases.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which are payable as follows:

	31.12.2009	30.6.2009
	RMB'000	*RMB'000*
Within one year	**15**	15
In the second to fifth years inclusive	**6**	14
	21	29

(b) Commitments

At the end of the reporting period, the Group had the following commitments for properties under development:

	31.12.2009	30.6.2009
	RMB'000	*RMB'000*
Contracted by provided for	**294,363**	–
Authorised but not contracted for	**154,551**	–

14. PLEDGE OF ASSETS

At the end of the reporting period, certain assets of the Group were pledged to secure banking facilities granted to the Group as follows:

	31.12.2009	30.6.2009
	RMB'000	*RMB'000*
Leasehold buildings	**2,711**	2,745
Investment properties	**45,206**	40,765
Prepaid lease payments	**17,623**	17,811
Properties under development	**376,259**	–
Pledged bank balances	**12,609**	12,584
	454,408	73,905

In the event of any inconsistency, the English text of this announcement shall prevail over the Chinese text.

As at the date of this announcement, the executive Directors are Mr. Chen Xian, Mr. Lau Sai Chung, Mr. Xiong Jianrui and Mr. Tsim Sze Hon; the non-executive Director is Ms. Xia Dan and the independent non-executive Directors are Mr. Poon Lai Yin, Michael, Mr. Chong Yiu Chik and Mr. Choi Kai Ming, Raymond.

This announcement will remain on the "Latest Company Announcements" page of the website of the Stock Exchange and the website of the Company for at least 7 days from the date of its posting.