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China Uptown Group Company Limited

中國上城集團有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock code: 2330)

CONNECTED TRANSACTION

The Board announces that Zhongzhu Real Estate Development, a non-wholly owned subsidiary of the Company, entered into the Co-Operation Agreement with Zhuhai Zhongzhu on 5 January 2010 pursuant to which Zhongzhu Real Estate Development and Zhuhai Zhongzhu intended to co-operate together to set up a joint venture company for the purpose of bidding for the Land by way of open tender.

Pursuant to the terms of the Co-Operation Agreement, Zhongzhu Real Estate Development was required to advance the Refundable Deposit of RMB15,000,000 (equivalent to approximately HK\$17,045,455) to Zhuhai Zhongzhu within 2 months from the date of the Co-Operation Agreement as earnest money for the co-operation and such Refundable Deposit will be applied towards the investment capital of the joint venture Company. The Refundable Deposit has been advanced on 2 February 2010 by Zhongzhu Real Estate Development. Zhuhai Zhongzhu was responsible to procure the relevant government authorities to arrange for the Land for open tender before 30 June 2010. As a result of failure of Zhuhai Zhongzhu to procure the open tender of the Land, the Co-Operation Agreement is terminated by way of a written notice on 21 June 2010 and the Refundable Deposit together with compensation interest in the aggregate sum of RMB15,375,000 (equivalent to approximately HK\$17,471,591) was returned to Zhongzhu Real Estate Development on 28 June 2010.

Zhongzhu Real Estate Development is held as to 25% by Zhongzhu Holdings and a connected person of the Company. Zhongzhu Holdings is held as to approximately 47.22% by Zhuhai Zhongzhu and therefore Zhuhai Zhongzhu is an associate of Zhongzhu Holdings and accordingly a connected person of the Company. The advancement of the Refundable Deposit to Zhuhai Zhongzhu is regarded as financial assistance and a connected transaction under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than profits ratio) relevant to the advancement of the Refundable Deposit is more than 0.1% but less than 2.5%, the advancement of the Refundable Deposit is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but exempt from the approval of the Independent Shareholders.

THE CO-OPERATION AGREEMENT

Date

5 January 2010

Parties

1. Zhongzhu Real Estate Development, a non-wholly owned subsidiary of the Company of which the Company owns 50% equity interest. Zhongzhu Real Estate Development is principally engaged in property development in the PRC
2. Zhuhai Zhongzhu. Zhongzhu Real Estate Development is held as to 25% by Zhongzhu Holdings and a connected person of the Company. Zhongzhu Holdings is held as to approximately 47.22% by Zhuhai Zhongzhu and therefore Zhuhai Zhongzhu is an associate of Zhongzhu Holdings and accordingly a connected person of the Company. Zhuhai Zhongzhu is principally engaged in property development and investments in the PRC

ADVANCEMENT OF THE REFUNDABLE DEPOSIT

Pursuant to the terms of the Co-Operation Agreement, Zhongzhu Real Estate Development and Zhuhai Zhongzhu intended to co-operate together to set up a joint venture company for the purpose of bidding for the Land by way of open tender. Zhongzhu Real Estate Development was required to advance the Refundable Deposit of RMB15,000,000 (equivalent to approximately HK\$17,045,455) to Zhuhai Zhongzhu within 2 months from the date of the Co-Operation Agreement as earnest money for the co-operation and such Refundable Deposit will be applied towards the investment sum of the joint venture Company.

The Refundable Deposit has been advanced on 2 February 2010 by Zhongzhu Real Estate Development out of its internal resources. Zhuhai Zhongzhu was responsible to procure the government authorities to arrange for the Land for open tender before 30 June 2010. As a result of failure of Zhuhai Zhongzhu to procure the open tender of the Land, the Co-Operation Agreement is terminated by way of a written notice on 21 June 2010 and the Refundable Deposit together with compensation interest in the aggregate sum of RMB15,375,000 (equivalent to approximately HK\$17,471,591) was returned to Zhongzhu Real Estate Development on 28 June 2010.

LISTING RULES' IMPLICATIONS

Zhongzhu Real Estate Development is held as to 25% by Zhongzhu Holdings and a connected person of the Company. Zhongzhu Holdings is held as to approximately 47.22% by Zhuhai Zhongzhu and therefore Zhuhai Zhongzhu is an associate of Zhongzhu Holdings and accordingly a connected person of the Company. The advancement of the Refundable Deposit to Zhuhai Zhongzhu is regarded as financial assistance and a connected transaction under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than profits ratio) relevant to the advancement of the Refundable Deposit is more than 0.1% but less than 2.5%, the advancement of the Refundable Deposit is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but exempt from the approval of the Independent Shareholders.

No Directors have interest in the Co-Operation Agreement and therefore no Director has abstained from voting in respect of the board resolutions for approving the advancement of the Refundable Deposit.

REASONS FOR THE CO-OPERATION AGREEMENT

The Group is principally engaged in (i) the design, supply and integration of automation and control system; (ii) trading of automation products and electronic components; (iii) property investment; (iv) trading of mobile modules; and (v) property development.

In view of the prosperous development in property market in Zhuhai, the PRC, the Co-Operation Agreement provides an opportunity for the Group to participate in a potential property investment project in Zhuhai with Zhuhai Zhongzhu which is experienced in property development project in Zhuhai, the PRC. If successful, the Group's assets and revenue base could be further enhanced. The Refundable Deposit was placed in order to secure the Group's future equity interest in the potential project as there were other potential investors interested in the proposed joint venture company.

The Board (including independent non-executive Directors) considers that the entering into of the Co-Operation Agreement and the advancement of the Refundable Deposit is fair and reasonable and in the interests of the Group and the shareholders as a whole.

DEFINITIONS

In this announcement, unless otherwise indicated in the context, the following expressions have the meaning set out below:

“associate”	shall have the meaning ascribed thereto under the Listing Rules
“Company”	China Uptown Group Company Limited, a company incorporated in Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange (stock code: 2330)
“Co-Operation Agreement”	the co-operation agreement dated 5 January 2010 entered into between Zhongzhu Real Estate Development and Zhuhai Zhongzhu
“Directors”	the directors of the Company
“Group”	the Company and its subsidiary

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Independent Shareholders”	any shareholder of the Company that is not required to abstain from voting at a general meeting to approve a connected transaction
“Land”	the parcel of land located at Zhuhai, the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China, but for the purpose of this announcement, excludes Hong Kong, Macau SAR and Taiwan
“Refundable Deposit”	the refundable deposit in the sum of RMB15,000,000 (equivalent to approximately HK\$17,045,455) which has been advanced by Zhongzhu Real Estate Development
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhuhai Holdings”	中珠控股股份有限公司 (Zhongzhu Holdings Company Ltd.), a company established in the PRC which holds 25% equity interest in Zhongzhu Real Estate Development
“Zhongzhu Real Estate Development”	珠海中珠房地產開發有限公司 (Zhuhai Zhongzhu Real Estate Development Company Ltd.*), a sino-foreign joint venture established in the PRC with limited liability and is owned as to 50% by the Company, 25% by Zhongzhu Holdings and 25% by Seaton Limited
“Zhuhai Zhongzhu”	珠海中珠股份有限公司 (Zhuhai Zhongzhu Company Ltd.*), a company established in the PRC which owns approximately 47.22% in Zhuhai Holdings

For the purpose of this announcement, the exchange of HK\$1.00= RMB0.88

** for identification purposes only*

By order of the Board
China Uptown Group Company Limited
Law Kim Fai
Company Secretary

Hong Kong, 30 June 2010

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.