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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Uptown Group Company Limited (the “Company”), you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

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FINANCIAL ADVISER TO THE COMPANY



PROPOSED ISSUE OF 4.0% CONVERTIBLE BONDS DUE 2013 AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A letter from the board of directors of the Company is set out from page 5 to 19 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at Fung Shui Room I, 6/F, Macro Polo Hongkong Hotel, Harbour City, Kowloon, Hong Kong on Monday, 18 October 2010 at 10:30 a.m. is set out from page 20 to 21 of this circular. A form of proxy is enclosed with this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy to the Company’s head office and principal place of business at Suite 1501, 15th Floor, Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time for holding the extraordinary general meeting or adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the extraordinary general meeting should you so wish.

30 September 2010

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	5
Notice of EGM	20

DEFINITIONS

In this circular, the following terms shall have the meanings set out below unless the context requires otherwise:

“Affiliates”	any person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person;
“Board”	the board of Directors;
“Bondholder(s)”	the holder(s) of the Convertible Bonds from time to time;
“Business Day”	a day (other than Saturday and Sunday and a day on which a tropical cyclone warning No.8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general banking;
“BVI Subsidiary”	Usualink Development Limited, a limited liability company incorporated under the laws of the British Virgin Islands and is a wholly-owned subsidiary of the Company;
“Change of Management”	occurs when there is a change of over half of existing composition of the executive Directors of the Company;
“Company”	China Uptown Group Company Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange;
“Completion Date”	a date which is ten Business Days after all of the conditions have been fulfilled by the Company or, as the case may be, waived by the Subscriber (or such later date as the parties hereto may agree in writing);
“Convertible Bonds”	the HK\$ denominated 4.0% per annum secured convertible bonds due 2013 in an aggregate principal amount of HK\$160 million, and “Convertible Bond” means any one of them;
“Conversion Price”	initial Conversion Price of HK\$0.59, which is equivalent to 70% of the volume weighted average price of the Shares for the last sixty trading days prior to the date of the Subscription Agreement, subject to adjustment;

DEFINITIONS

“Conversion Share(s)”	new Shares to be allotted and issued by the Company to the Subscriber upon exercising the conversion right attaching to the Convertible Bonds, the number of which shall be subject to adjustment as a result of adjustment of the Conversion Price;
“Directors”	the directors of the Company;
“Early Redemption Amount”	with respect to any outstanding Convertible Bonds as of any date of determination, be determined so that it represents for the Bondholder (a) an annual yield of 15% per annum, calculated on the principal amount of the Convertible Bonds for the period from and including the Issue Date but excluding such date of determination, on an annual compounding basis rounded (if necessary) to two decimal places minus (b) all interest paid thereon on or prior to such date of determination;
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of, among others, considering and, if thought fit, approving the Subscription Agreement and the grant of the Specific Mandate;
“Escrow Account”	an account maintained by Bank of China (Hong Kong) Limited in the name of the Company for the purpose of receiving the Subscription Amount payable by the Subscriber and jointly by the respective nominee(s) of the Company and the Subscriber;
“Escrow Agreement”	the escrow agreement to be entered into between Bank of China (Hong Kong) Limited, the Company and the Subscriber in connection with the management of the Escrow Account;
“Existing General Mandate”	170,396,000 Shares, being the maximum number of Shares which the Directors were authorised to allot and issue pursuant to the general mandate granted by the Shareholders to the Directors in the annual general meeting of the Company held on 8 June 2010;
“First Loan Repayment Amount”	the amount equivalent to the difference between the Subscription Amount and RMB50,000,000 or its equivalent Hong Kong Dollars;
“Group”	the Company and its subsidiaries;

DEFINITIONS

“Guarantee”	the guarantee to be executed by the BVI Subsidiary (as the guarantor) in favour of the Subscriber;
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Issue Date”	the date of issue of the Convertible Bonds;
“Last Trading Day”	15 September 2010, being the last trading day prior to the date of the Subscription Agreement;
“Latest Practicable Date”	28 September 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	a date which is 3 calendar months from the date of the Subscription Agreement;
“Maturity Date”	a term of 3 years commencing from the Issue Date;
“PRC”	the People’s Republic of China (excluding, for the purposes of this circular, Hong Kong, Macau and Taiwan);
“PRC Creditor”	Bank of China Investment Limited, a company within the Subscriber’s Group established in the PRC and a creditor of the Company;
“PRC Property”	德維森大廈, a property located in the PRC which is wholly-owned by the PRC Subsidiary;
“PRC Subsidiary”	德維森實業(深圳)有限公司 (Techwayson Industrial (Shenzhen) Co., Ltd.,*) a company established in the PRC and is wholly-owned by the BVI Subsidiary;
“RMB”	Renminbi, the lawful currency of the PRC;

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shares”	ordinary share(s) with a nominal value of HK\$0.10 each in the share capital of the Company;
“Share Charge”	the share charge to be executed by the Company (as the chargor) in favour of the Subscriber (as the chargee) over the entire issued shares of the BVI Subsidiary;
“Shareholder(s)”	holders of the Share(s);
“Specific Mandate”	the specific mandate to be granted to the Directors by the Shareholders at the EGM to issue new Shares at any time during the period specified in the relevant ordinary resolution;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Zilver Yuan Investment Partners Ltd., a wholly-owned subsidiary of Bank of China Group Investment Limited;
“Subscriber’s Group”	collectively the Subscriber, its subsidiaries, its ultimate or intermediate holding companies and the subsidiaries of such holding companies, and “Subscriber’s Group Entity” refers to any one of them;
“Subscription”	the subscription by the Subscriber for the Convertible Bonds pursuant to and in accordance with the terms;
“Subscription Agreement”	the subscription agreement entered into between the Company and the Subscriber dated 16 September 2010 in respect of the subscription of the Convertible Bonds;
“Subscription Amount”	the subscription price of the Convertible Bonds payable by the Subscriber pursuant to terms of the Subscription Agreement;
“subsidiary(ies)”	shall have the meanings as defined in the Companies Ordinance (Cap.32 of the Laws of Hong Kong); and
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Chen Xian (*Chairman*)
Mr. Lau Sai Chung (*Chief Executive Officer*)
Mr. Tsim Sze Hon
Mr. Xiong Jianrui

Non-executive Directors:

Ms. Xia Dan

Independent non-executive Directors:

Mr. Poon Lai Yin, Michael
Mr. Chong Yiu Chik
Mr. Choi Kai Ming, Raymond

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place
of business in Hong Kong:*

Suite 1501, 15/F.
Tower 1, Silvercord
30 Canton Road
Tsimshatsui
Kowloon
Hong Kong

30 September 2010

To the Shareholders

Dear Sir or Madam,

PROPOSED ISSUE OF 4.0% CONVERTIBLE BONDS DUE 2013

INTRODUCTION

Reference is made to the Company's announcement dated 16 September 2010 in respect of the Subscription.

The purpose of this circular is to, among other things, provide you with further details of the Subscription Agreement and a notice of EGM.

LETTER FROM THE BOARD

THE SUBSCRIPTION AGREEMENT

Date: 16 September 2010 (after trading hours)

Issuer: The Company

Subscriber: Zilver Yuan Investment Partners Ltd.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Subscriber and its ultimate beneficial owners is not a connected person of the Company and is third party independent of and not connected with the connected persons (as defined in the Listing Rules) of the Company and is not acting in concert with any of the connected person(s) and each other.

Conditions Precedent

Completion of the Subscription Agreement is conditional upon:

- (a) the passing by the Shareholders at the EGM in respect of the resolutions for approving the Subscription Agreement, the issue of the Convertible Bonds and the issue and allotment of the Conversion Shares upon exercise of the conversion right attaching to the Convertible Bonds;
- (b) listing of and permission to deal in all of the Conversion Shares being granted by the Listing Committee of the Stock Exchange;
- (c) the warranties of the Company under the Subscription Agreement remaining true and accurate in all material respects, and not misleading in any material respect, as given on the date of the Subscription Agreement and at Completion;
- (d) the Company shall have performed all of its obligations hereunder expressed to be performed on or before the Completion Date;
- (e) the Company shall have executed and delivered to the Subscriber the Share Charge under seal, completed all relevant registration in relation to the Share Charge under the laws of the Cayman Islands and Hong Kong and delivered to the Subscriber a legal opinion, the content of which shall be to the satisfaction of the Subscriber, shall have been issued by lawyers qualified to practise the laws of the Cayman Islands in relation to the Share Charge;
- (f) the creation of the Share Charge having been updated, entered into and shown in the register of members of the BVI Subsidiary and the Company having delivered to the Subscriber a certificate of incumbency showing the same to the satisfaction of the Subscriber;

LETTER FROM THE BOARD

- (g) the BVI Subsidiary shall have executed and delivered to the Subscriber the Guarantee under seal, completed all relevant registration in relation to the Guarantee under the laws of the British Virgin Islands (if necessary) and delivered to the Subscriber a legal opinion, the content of which shall be to the satisfaction of the Subscriber, shall have been issued by lawyers qualified to practise the laws of the British Virgin Islands in relation to the Guarantee;
- (h) the Company having delivered to the Subscriber an original certificate of good standing of the BVI Subsidiary issued not more than 7 days before the Completion Date;
- (i) an original letter signed and issued by the BVI Subsidiary to its registered agent in the British Virgin Islands notifying the registered agent of the change of contact person as approved by the Subscriber with respect to the BVI Subsidiary from the Completion Date;
- (j) a release instructions duly signed by the nominee(s) of the Company in the form as stipulated in the Escrow Agreement instructing Bank of China (Hong Kong) Limited to release from the Escrow Account the First Loan Repayment Amount to the Subscriber or its designated nominee(s);
- (k) the Company having delivered to the Subscriber a release instruction duly signed by the nominee(s) of the Company and the Subscriber in the form as stipulated in the Escrow Agreement instructing Bank of China (Hong Kong) Limited to release from the Escrow Account a sum of RMB50,000,000 or its Hong Kong Dollars equivalent to the Company after the Company has duly repaid RMB50,000,000 to the PRC Creditor; and
- (k) there shall not have any change, or development or event likely to involve a prospective change, in the condition (financial or otherwise), results of operations, business or properties of the Group, which is material and adverse and which makes it impracticable to subscribe for the Convertible Bonds on the terms and in the manner contemplated therein.

The Company will use its reasonable endeavours to procure the fulfillment of the conditions precedent in particular paragraphs (a) and (b) above as soon as practicable and in any event at or before 5:00 p.m. on the Long Stop Date.

If any of the above conditions is not fulfilled on or before 5:00 p.m. on the Long Stop Date (or such other time and date as the Subscriber shall agree in writing), the Subscription Agreement shall lapse and become null and void and both the Company and the Subscriber will be released from all obligations under the Subscription Agreement (save for liabilities for any antecedent breaches thereof).

LETTER FROM THE BOARD

Completion

Completion of the Subscription Agreement shall take place on a date which is ten Business Days after all of the conditions precedent have been fulfilled by the Company or, as the case may be, waived by the Subscriber (or such later date as the Company and the Subscriber may agree in writing). Further announcement will be made by the Company upon completion of the Subscription.

Board Representation

In consideration of the entering into of the Subscription Agreement by the Subscriber, so long as the Subscriber and/or its Affiliates in aggregate holds more than 10% of the Company's issued shares capital (on a fully converted basis) before and/or after the exercise of the conversion right attaching to the Convertible Bonds, the Subscriber and/or its Affiliates shall be entitled to jointly nominate one (1) representative to be a non-executive Director (the "Nominated Director"). The Company undertakes that the Board shall procure all necessary actions to be done to effect such appointment from time to time.

For the avoidance of doubt, if any Nominated Director is removed by a resolution of the Shareholders, or is not re-appointed by the Shareholders at any annual general meeting, the Company shall not be considered to be in breach of the abovementioned provision in the Subscription Agreement.

Conversion Price

The initial Conversion Price is HK\$0.59, which is equivalent to 70% of the volume weighted average price of the Shares for the last sixty trading days prior to the date of the Subscription Agreement.

The Conversion Price shall be adjusted on each of the first and second anniversaries of the Issue Date if the volume weighted average price of the Shares over the preceding calendar month is less than 85% of the applicable Conversion Price. The new Conversion Price will then be adjusted to a price which is equal to 85% of the Conversion Price immediately before the adjustment.

Upon the occurrence of certain prescribed events, including without limitation, consolidation, subdivision or reclassification of the Shares, capitalisation of profits or reserves, capital distributions, rights issues of the Shares or options over the Shares, rights issues of other securities and issues at less than current market price, the Conversion Price will also be adjusted. The Company will publish an announcement upon any adjustment to the Conversion Price as required under the Listing Rules.

LETTER FROM THE BOARD

Conversion Shares:

Assuming full conversion of the Convertible Bonds at the initial Conversion Price, the Convertible Bonds will be convertible into 271,186,440 Conversion Shares, representing approximately 31.8% of the issued share capital of the Company as at the Latest Practicable Date and approximately 24.1% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon exercising the conversion right attaching to the Convertible Bonds in full.

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be granted to the Directors at the EGM. The Conversion Shares will rank *pari passu* in all respects with the existing Shares in issue.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds are summarised as follows:

Issuer:	The Company
Principal amount of the Convertible Bonds:	HK\$160 million
Maturity Date:	The Convertible Bonds will be for a term of 3 years commencing from the Issue Date
Issue Price:	100% of the principal amount of the Convertible Bonds
Coupon Rate:	4.0% per annum, payable semi-annually
Conversion Period:	The conversion right attaching to the Convertible Bonds may be exercised, at the option of each Bondholder, at any time on or after 3 months from the Issue Date up to ten Business Days prior to the Maturity Date.
Conversion Price:	The initial Conversion Price is HK\$0.59, which is equivalent to 70% of the volume weighted average price of the Shares for the last sixty trading days prior to the date of the Subscription Agreement.

LETTER FROM THE BOARD

The Conversion Price shall be adjusted on each of the first and second anniversaries of the Issue Date if the volume weighted average price of the Shares over the preceding calendar month is less than 85% of the applicable Conversion Price. The new Conversion Price will then be adjusted to a price equal to 85% of the Conversion Price immediately before the adjustment.

The Conversion Price will be adjusted in accordance with the relevant provisions under the terms and conditions of the Convertible Bonds upon occurrence of, among other things, the following events:

- (i) there shall be an alteration to the nominal value of the Shares by reason of any consolidation or subdivision or re-classification or whatever reasons;
- (ii) the Company shall issue any Shares credited as fully paid by way of capitalization of profits or reserves including Shares paid up out of distributable profits or reserves and/or share premium account and which would not have constituted a distribution;
- (iii) the Company shall make any capital distribution to holders (in their capacity as such) of Shares or shall grant to such holders rights to acquire for cash assets of the Company or any of its subsidiaries;
- (iv) the Company shall offer or grant to all or substantially all holders of Shares new Shares for subscription by way of rights, or any options or warrants or other rights to subscribe for new Shares (other than options granted or Shares issued to employees or directors of the Company or any of its subsidiaries or their respective personal representatives pursuant to any employee or executive share scheme) at a price which is less than 95 per cent of the market price at the date of the announcement of the terms of the offer or grant;

LETTER FROM THE BOARD

- (v) the Company shall issue wholly for cash any securities convertible into or exchangeable for or carry rights of subscription for new Shares (other than options granted or Shares issued to employees or directors of the Company or any of its subsidiaries or their respective personal representatives pursuant to any employee or executive share scheme), and the total effective consideration per Share initially receivable for such securities is less than 95 per cent of the market price at the date of the announcement of the terms of issue of such securities; and

- (vi) the Company shall issue wholly for cash any Shares (other than Shares issued to employees or Directors or any of its Subsidiaries or their respective personal representatives pursuant to any employee or executive share scheme) or grant any options or warrants or other rights to subscribe for new Shares at a price per Share which is less than 95 per cent of the market price at the date of the announcement of the terms of such issue.

The term “capital distribution” and “total effective consideration” referred to above shall be determined in accordance with the terms and conditions of the Convertible Bonds.

The Company will publish an announcement upon any adjustment to the Conversion Price as required under the Listing Rules.

LETTER FROM THE BOARD

Conversion Shares: Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$0.59, the Convertible Bonds will be convertible into 271,186,440 Conversion Shares, representing approximately 31.8% of the issued share capital of the Company as at the Latest Practicable Date and approximately 24.1% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares assuming full conversion of the Convertible Bonds.

The Conversion Shares will rank *pari passu* in all respects with the existing Shares in issue.

Security: The Company will on Completion, execute the Share Charge to charge the entire issued shares of the BVI Subsidiary in favour of the Subscriber as security for due and punctual performance of the Company's obligations in respect of the Convertible Bonds.

The BVI Subsidiary owns the entire equity interest in the PRC Subsidiary which in turns owns the PRC Property.

The BVI Subsidiary will execute the Guarantee in favour of the Subscriber as security for due and punctual performance of the Company's obligations in respect of the Convertible Bonds.

The PRC Property is currently charged in favour of the Subscriber's Group Entity and will remain so after completion of the Subscription until a date to be mutually agreed between the Company and the Subscriber's Group Entity.

Redemption at the option of the Company: The Company may redeem the Convertible Bonds in accordance with the following terms:

LETTER FROM THE BOARD

- (a) On giving of not less than 30 days' nor more than 60 days' notice to the Bondholders, the Company may redeem at any time after the 12 months from the Issue Date all, but not some only, of the Convertible Bonds at the Early Redemption Amount plus any accrued but unpaid interest thereon on the redemption date, provided that no such redemption may be made unless the closing price of the Shares (as derived from the daily quotations sheet of the Stock Exchange) for each of the thirty (30) consecutive trading days, the last of which occurs within the five trading days prior to the date upon which the redemption notice is given by the Company, is at least 200% of the initial Conversion Price.
- (b) If at least 90% of the principal amount of the Convertible Bonds have been converted, redeemed, repurchased or cancelled, the Company may, by having given not less than 30 days' nor more than 60 days' notice to the Bondholders, redeem all, but not some only, of the Convertible Bonds on the day fixed for redemption at an amount equal to the Early Redemption Amount plus any accrued but unpaid interest thereon.
- (c) On giving of not less than 30 days' nor more than 60 days' notice to the Bondholders, the Company may redeem all, but not some only, of the Convertible Bonds on the day fixed for redemption at an amount equal to the Early Redemption Amount plus any accrued but unpaid interest thereon if the Company would be required to pay additional amounts in respect of the Convertible Bonds as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or Hong Kong (or any other taxing jurisdiction to which the Company becomes subject) in relation to taxes or any change in the official interpretation.

LETTER FROM THE BOARD

- (d) Provided that there is no occurrence of any events of default on the part of the Company, the Company shall have a maximum of 3 opportunities, by giving no less than 15 days notice, at its option redeem all or some of the Convertible Bonds on the day fixed for redemption at an amount equal to the Early Redemption Amount plus any accrued but unpaid interest thereon in cash. The Company must redeem a minimum of HK\$10,000,000 each time and an integral multiple of HK\$5 million each time. Redemption of the Convertible Bonds in accordance with this condition shall be made from the proceeds arising from the disposal of the PRC Property which will be deposited in such escrow account and from its own cash if the funds in such escrow account have been fully utilised.

Redemption for delisting and
Change of Management:

Following the occurrence of any of the following events:

- (a) when the Shares cease to be listed or admitted to trading on the Stock Exchange, or for 3 calendar months occurring consecutively; or
- (b) when there is a Change of Management;

each Bondholder will have the right at his/her/its option, to require the Company to redeem all or some only of his/her/its Convertible Bonds at the Early Redemption Amount plus any accrued but unpaid interest thereon.

Transferability:

Unless the transfer of the Convertible Bonds are to the same beneficial owner and the transfer of the outstanding principal amount under the Convertible Bonds, if converted into the Conversion Shares, does not in aggregate exceed 5% of the entire issued share capital of the Company, the Subscriber may by giving at least ten Business Days written notice to the Company, transfer the Convertible Bonds.

Denomination:

HK\$5,000,000 each or its integral multiples thereof.

LETTER FROM THE BOARD

- Voting rights: Before conversion of the Convertible Bonds, the Bondholders will not have any right to attend or vote at any general meeting of the Company.
- Status: The Convertible Bonds constitute direct, unsubordinated, unconditional and secured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for, in the event of insolvency, such exceptions as may be provided by mandatory provisions of applicable laws and subject to the terms of the Convertible Bonds, at all times have priority over all of the Company's other present and future direct, unsubordinated, unconditional and unsecured obligations.
- Listing: The Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange.

COMPARISON OF THE INITIAL CONVERSION PRICE

The initial Conversion Price of HK\$0.59 represents:

- (1) a discount of 29.8% to the closing price of the Shares of HK\$0.84 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a discount of 29.3% to the average of the closing prices of the Shares of HK\$0.83 per Share for the last five consecutive trading days up to and including the Last Trading Day; and
- (3) a discount of 27.7% to the average of the closing prices of the Shares of HK\$0.82 per Share for the last ten consecutive trading days up to and including the Last Trading Day.

The initial Conversion Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the closing price of the Shares quoted on the Stock Exchange for the last sixty trading days prior to the date of the Subscription Agreement.

LETTER FROM THE BOARD

SPECIFIC MANDATE

As the number of the Conversion Shares which may be issued and allotted to the Bondholder(s) under the terms of the Convertible Bonds will exceed the Existing General Mandate, the Conversion Shares will be issued under the Specific Mandate to be sought from the Shareholders at the EGM. Application will be made to the Stock Exchange for the approval for the listing of, and permission to deal in, the Conversion Shares.

REASONS FOR AND BENEFITS OF THE ISSUE OF THE CONVERTIBLE BONDS

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

The Board considers that the entering into of the Subscription Agreement will be a key step in completing the Group's debt-restructuring with Bank of China, Shenzhen Branch, and is also part of the Group's efforts in attracting independent and significant Shareholders which share its business vision and add considerable value by bringing international best practices in business strategy and corporate governance. The Subscriber is a wholly-owned subsidiary of Bank of China Group Investment Limited, a leading global investment company and the Subscription Agreement provides a solid foundation for the strategic relationship between the Subscriber and the Company.

The Board believes that although the issue of the Conversion Shares upon conversion of the Convertible Bonds will lead to a potential dilution effect on the shareholding of the Company, the Subscription Agreement represents an opportunity to strengthen the capital base of the Company.

USE OF PROCEEDS

The estimated net proceeds from the issue of the Convertible Bonds will be approximately HK\$155.8 million. The net proceeds will be applied towards settling the entire outstanding amount, including (i) RMB60,700,000 (approximately HK\$68,977,000) guarantee provision; (ii) short-term bank loan of approximately RMB67,734,000 (approximately HK\$76,970,000); and (iii) RMB49,758,000 (approximately HK\$56,543,000) accrued interest, due to Bank of China, Shenzhen Branch. Upon completion of the Subscription, the PRC Creditor agrees to waive the remaining outstanding balance due to them. A written settlement agreement will be entered into confirming that Bank of China, Shenzhen Branch agrees to waive the right to claim against for the Company for any outstanding amount due to them.

LETTER FROM THE BOARD

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below summarises the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) upon full conversion of the Convertible Bonds at the initial Conversion Price; and (iii) upon full conversion of the Convertible Bonds at the initial Conversion Price and the convertible redeemable preference shares and convertible redeemable preference A Shares of the Company:

Shareholder	As at the Latest Practicable Date		Assuming the Convertible Bonds are fully converted into Shares at the initial conversion price of HK\$0.59 each		Also assuming full conversion of the convertible redeemable preference shares and convertible redeemable preference A Shares of the Company	
	No. of Shares	Approximate percentage of the issued share capital	No. of Shares	Approximate percentage of the issued share capital	No. of Shares	Approximate percentage of the issued share capital
Mega Edge International Limited (Note 3)	79,500,000	9.33%	79,500,000	7.08%	79,500,000	4.91%
Mr. Chak Joaquim Emilio Kin Man (Notes 4 and 5)	96,824,000	11.36%	96,824,000	8.62%	96,824,000	5.98%
Ms. Wong Sio Leng (Note 5)	115,000,000	13.50%	115,000,000	10.24%	115,000,000	7.09%
Mr. Ho Man Hung (Note 5)	226,800,000	26.62%	226,800,000	20.19%	226,800,000	14.00%
Mr. Lau Sai Chung	148,000	0.02%	148,000	0.01%	148,000	0.01%
Subscriber	0	0.00%	271,186,440	24.14%	271,186,440	16.73%
Weina (BVI) Limited (Note 1)	0	0.00%	0	0.00%	118,918,919	7.34%
Best Contact Holdings Limited (Note 2)	0	0.00%	0	0.00%	248,648,649	15.34%
Other public shareholders	333,708,000	39.17%	333,708,000	29.72%	463,437,730	28.60%
Total	851,980,000	100%	1,123,166,440	100%	1,620,463,738	100%

Notes:

- The Company entered into a subscription and option agreement on 26 May 2006 with Weina (BVI) Limited (“**Weina**”) and through such agreement and the exercise of option by the Company, Weina is interested in 350,000,000 convertible redeemable preference shares of the Company and has the right to convert the aforesaid shares in 350,000,000 Shares (based on its initial conversion price). On 2 June 2009, the Company and Weina entered into a first supplemental agreement to extend the conversion period for the aforesaid shares for a further 12 months from the expiry date of the conversion period under the subscription and option agreement. By a second supplemental agreement dated 23 October 2009, the conversion period shall be extended automatically for a period of 12 months with effect from each expiry date of the said conversion period unless (i) Weina serves a written notice on the Company notifying its intention of not extending the said conversion period for a further 12 months not later than 7 days prior to the expiry date of the said conversion period, and (ii) the Company agrees not to extend the said conversion period for a further 12 months upon receiving such notice. It is also agreed that the convertible redeemable preference shares shall become transferable. On 25 May 2010, Weina transferred 225,000,000 convertible redeemable preference shares to Best Contact Holdings Limited (“**Best Contact**”). On 31 August 2010, Weina further transferred 50,000,000 convertible redeemable preference shares to certain individuals.

Moreover, the Company entered into a sale and purchase agreement on 17 November 2006 with Weina Holdings Limited and through such agreement, Weina (as designated by Weina Holdings Limited) is interested in 110,000,000 convertible redeemable preference A shares of the Company and has the right to convert the aforesaid preference A shares into 110,000,000 Shares. Weina Group Limited owns the entire issued share capital of Weina and is therefore deemed to have interests in the underlying Shares in which Weina is interested. By a supplemental agreement dated 23 October 2009, the conversion period for the aforesaid preference A shares is extended for a further 12 months from the expiry date

LETTER FROM THE BOARD

of the conversion period; the said conversion period shall be extended automatically for a period of 12 months with effect from each expiry date of the said conversion period unless (i) Weina serves a written notice on the Company notifying its intention of not extending the said conversion period for a further 12 months not later than 7 days prior to the expiry date of the said conversion period, and (ii) the Company agrees not to extend the said conversion period for a further 12 months upon receiving such notice. It is also agreed that the convertible redeemable preference A shares shall become transferable. On 25 May 2010, Weina transferred 5,000,000 convertible redeemable preference A shares to Best Contact. On 31 August 2010, Weina further transferred 70,000,000 convertible redeemable preference A shares to certain individuals.

In accordance with the terms and conditions of the convertible redeemable preference shares and the convertible redeemable preference A shares, the conversion price of the convertible redeemable preference shares and the convertible redeemable preference A shares will be adjusted as a result of the issue of the Convertible Bonds. The calculation of the shareholding structure above is based on the adjusted conversion price, which will only be effective upon the completion of the issue of the Convertible Bonds.

Weina Group Limited owns the entire issued share capital of Weina and is therefore deemed to have interests in the underlying Shares in which Weina is interested. Mr. Tsim Wing Kong is deemed to be interested in the underlying Shares by virtue of his controlling interest in Weina Group Limited. Mr. Tsim Wing Kong is the father of Mr. Tsim Sze Hon, an executive Director.

2. Best Contact is legally and beneficially owned by Mr. Xu Deliang. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Mr. Xu Deliang is an independent third party of the substantial Shareholders and Directors.
3. Mega Edge International Limited is legally and beneficially owned as to 100% by Ms. Xia Dan, a non-executive Director. By virtue of the SFO, Ms. Xia is deemed to have interest in the Shares held by Mega Edge International Limited.
4. Mr. Chak Joaquim Emilio Kin Man is a substantial Shareholder as at the Latest Practicable Date. Save for the aforementioned, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Mr. Chak Joaquim Emilio Kin Man does not have any other relationship with the Company. Under the scenario "Assuming the Convertible Bonds are fully converted into Shares at the initial conversion price of HK\$0.59 each and full conversion of the convertible redeemable preference shares of the Company" in the above shareholding table, Mr. Chak Joaquim Emilio Kin Man will be classified as a public Shareholder and thus the Company will be able to comply with the public float requirements under Rule 8.08 of the Listing Rules.
5. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, other than being substantial Shareholders as at the Latest Practicable Date, Mega Edge International Limited, Mr. Chak Joaquim Emilio Kin Man, Ms. Wong Sio Leng, Best Contact Holdings Limited and Mr. Ho Man Hung did not have any relationship among themselves.
6. Assuming no share options are exercised pursuant to the share option schemes dated 20 January 2003 and 30 November 2009.

FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not carried out any capital fund raising activities for the twelve months immediately before the Latest Practicable Date.

EGM

A notice convening the EGM to be held at Fung Shui Room I, 6/F, Macro Polo Hongkong Hotel, Harbour City, Kowloon, Hong Kong on Monday, 18 October 2010 at 10:30 a.m. or any adjournment is set out from page 20 to 21 of this circular.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy to the Company's head office and principal place of business at Suite 1501, 15th Floor, Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time for holding the EGM or adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM should you so wish.

RECOMMENDATION

As far as the Directors are aware of, no Director or Shareholder has a material interest in the Subscription and no Shareholder is required to abstain from voting in respect of the resolution in relation to the Subscription Agreement and the transaction contemplated thereunder. The Board recommends the Shareholders to vote in favour of the ordinary resolutions to approve the Subscription Agreement and the transaction contemplated thereunder.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects, and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

By Order of the Board
China Uptown Group Company Limited
Fu Lui
Company Secretary

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of China Uptown Group Company Limited (the “**Company**”) will be held at Fung Shui Room I, 6/F, Macro Polo Hongkong Hotel, Harbour City, Kowloon, Hong Kong on Monday, 18 October 2010 at 10:30 a.m. for the following purpose:

1. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

“**THAT** the conditional subscription agreement (the “**Agreement**”) dated 16 September 2010 entered into between the Company as issuer and Zilver Yuan Investment Partners Ltd. as subscriber in relation to the subscription of 4.0% per annum secured convertible bonds due 2013 (the “**Convertible Bonds**”) in the aggregate principal amount of HK\$160,000,000 upon the terms and subject to the conditions set out in the Agreement, be and is hereby approved, ratified and confirmed;”

2. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

“**THAT** subject to and conditional upon the passing of resolution 1 above, the board of directors (the “**Board**”) of the Company be and is hereby authorised to allot and issue 271,186,440 conversion shares (the “**Conversion Shares**”) at an initial conversion price of HK\$0.59 upon exercise of the conversion right attaching to the Convertible Bonds; and”

NOTICE OF EGM

3. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

“**THAT** any one director of the Company (the “**Director**”) be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in or relating to the Agreement, the issue of the Convertible Bonds and the issue and allotment of the Conversion Shares as he/she/they may consider necessary, desirable or expedient.”

By Order of the Board
China Uptown Group Company Limited
Fu Lui
Company Secretary

Hong Kong, 30 September 2010

*Head office and principal place
of business in Hong Kong:*

Suite 1501, 15/F.,
Tower 1, Silvercord,
30 Canton Road,
Tsimshatsui,
Kowloon,
Hong Kong

Notes:

1. A form of proxy for use at the meeting is enclosed with the circular despatched on 30 September 2010 to the members of the Company.
2. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the principal place of business of the Company at Suite 1501, 15th Floor, Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.
5. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.

NOTICE OF EGM

7. The Register of Members of the Company will be closed for a period commencing from 12 October 2010 to 18 October 2010, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Union Registrars Limited at 18/F, Fook Lee Commercial Centre, Tower Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 11 October 2010.