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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)

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

Financial adviser to China Uptown Group Company Limited



THE ACQUISITION

On 11 August 2009, the Company entered into a sale and purchase agreement to acquire for 50% of the indirect equity interest in the Project Company. The transaction was completed on 20 November 2009. As at the date of this announcement, the Company holds 50% of the indirect equity interest in the Project Company. In view of the business prospects of the Project Company, the Company proposes to acquire for additional equity interest in the Project Company by way of the Acquisition.

On 3 December 2010 (after trading hours), the Purchaser entered into the Sale and Purchase Agreement with the Vendor pursuant to which the Purchaser has conditionally agreed to acquire for and the Vendor has conditionally agreed to dispose of the Sale Shares, being the entire issued share capital of the Target Company, at the Consideration of HK\$230 million. Pursuant to the Sale and Purchase Agreement, the Purchaser shall procure the Company to issue the Convertible Bonds in the principal amount of HK\$230 million to the Vendor or its nominee on the Completion Date to settle the entire Consideration.

As at the date of this announcement, the Target Group is undergoing the Reorganisation. Upon completion of the Reorganisation and the Acquisition, the Company will be ultimately beneficially interested in an aggregate of 75% equity interest in the Project Company.

IMPLICATION UNDER THE LISTING RULES

Since the relevant percentage ratio (as defined under the Listing Rules) in respect of the Acquisition is more than 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. By virtue of Mr. Ho being a substantial shareholder of the Company and the Vendor being ultimately and beneficially owned as to 100% by Mr. Ho, the Vendor is a connected person of the Company under Chapter 14A of the Listing Rules and thus the Acquisition also constitutes a connected transaction for the Company and is subject to the approval of the Independent Shareholders by way of poll at the EGM.

As aforementioned, the Vendor is ultimately and beneficially owned as to 100% by Mr. Ho. Mr. Ho is therefore considered to have material interest in the Acquisition. In addition, given that Mr. Chen, being an executive Director and the Chairman of the Company, is one of the ultimate beneficial owners of Zhongzhu Holding, Mr. Chen is also considered to have material interest in the Acquisition. Accordingly, Mr. Ho, Mr. Chen and their respective associates are required to abstain from voting at the EGM in respect of the ordinary resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds upon Completion and the Conversion Shares which may be issued and allotted pursuant to the terms of the Convertible Bonds.

As aforesaid, the EGM will be held to consider and, if thought fit, approve by the Independent Shareholders the ordinary resolutions in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds upon Completion and the Conversion Shares which may be issued and allotted pursuant to the terms of the Convertible Bonds.

GENERAL

An Independent Board Committee comprising Mr. Poon Lai Yin, Michael, Mr. Chong Yiu Chik and Mr. Choi Kai Ming, Raymond (all being independent non-executive Directors) has been established to advise the Independent Shareholders (i) as to whether the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned and whether the Acquisition is in the interests of the Company and the Shareholders as a whole; and (ii) on how to vote in respect of the Acquisition after taking into account the recommendation of the independent financial adviser to be appointed.

A circular containing, among other things, (i) further details of the Acquisition; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the Sale and Purchase Agreement; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement; (iv) the valuation report on the Project; and (v) a notice convening the EGM will be despatched to the Shareholders on or before 24 December 2010 in accordance with the Listing Rules.

As Completion is subject to the fulfillment of a number of conditions precedent which are detailed in this announcement, the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

INTRODUCTION

On 11 August 2009, the Company entered into a sale and purchase agreement to acquire for 50% of the indirect equity interest in the Project Company. The transaction was completed on 20 November 2009. As at the date of this announcement, the Company holds 50% of the indirect equity interest in the Project Company. In view of the business prospects of the Project Company, the Company proposes to acquire for additional equity interest in the Project Company by way of the Acquisition.

As at the date of this announcement, the Target Group is undergoing the Reorganisation. Upon completion of the Reorganisation and the Acquisition, the Company will be ultimately beneficially interested in an aggregate of 75% equity interest in the Project Company.

THE SALE AND PURCHASE AGREEMENT

On 3 December 2010 (after trading hours), the Purchaser entered into the Sale and Purchase Agreement with the Vendor pursuant to which the Purchaser has conditionally agreed to acquire for and the Vendor has conditionally agreed to dispose of the Sale Shares, being the entire issued share capital of the Target Company, at the Consideration of HK\$230 million.

Set out below are the principal terms of the Sale and Purchase Agreement:

Date:

3 December 2010

Parties involved:

Purchaser

The Purchaser, a wholly-owned subsidiary of the Company

Vendor

Seaton Limited, being the sole shareholder of the Target Company, is an investment holding company incorporated in Hong Kong on 6 November 2009 with limited liability. As at the date of this announcement, the Vendor is legally and beneficially owned as to 100% by Leading Front Limited which in turn is legally and beneficially owned as to 100% by Mr. Ho. Mr. Ho is also the sole director of the Vendor, the Target Company and the HK Company.

Since Mr. Ho is a substantial shareholder of the Company and the Vendor is legally and beneficially owned as to 100% by Mr. Ho as at the date of this announcement, the Vendor is a connected person of the Company under the Listing Rules.

Assets to be acquired:

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire for and the Vendor has conditionally agreed to dispose of the Sale Shares at the Consideration. The Sale Shares represent the entire equity interest in the Target Company.

As at the date of this announcement, the Vendor directly holds 25% equity interest in the Project Company and is the sole legal and beneficial owner of the Target Company, which in turn directly holds the entire issued share capital of the HK Company. Upon completion of the Reorganisation, the Vendor will indirectly hold 25% of the equity interest in the Project Company through the Target Company and the HK Company. The shareholding structure of the Target Group is detailed below under the section headed “Shareholding structure of the Target Group” of this announcement. The only principal asset of the Target Group is the Project operated by the Project Company.

The original purchase cost of 25% equity interest in the Project Company paid by the Vendor is approximately RMB220 million (equivalent to approximately HK\$250 million) (the “**Original Cost**”). Such acquisition was completed on 30 December 2009. As advised by the Vendor, the Original Cost was determined based on arm’s length negotiations with reference to the then market condition.

The Consideration:

Pursuant to the Sale and Purchase Agreement, the Purchaser shall procure the Company to issue the Convertible Bonds in the principal amount of HK\$230 million to the Vendor or its nominee on the Completion Date to settle the entire Consideration. The Convertible Bonds are convertible into the Conversion Shares at the initial Conversion Price of HK\$0.8115 per Conversion Share.

Basis of the Consideration

The Consideration was determined between the Vendor and the Company after arm’s length negotiations and on normal commercial terms, taking into account the followings:

- (i) the Preliminary Valuation on the Project of approximately RMB1,174,100,000 (equivalent to approximately HK\$1,362,064,965 based on the exchange rate of HK\$1.00:RMB0.862) as at 30 September 2010 by an independent Valuer. According to the Valuer, the Preliminary Valuation was arrived at by applying the market approach;
- (ii) the unaudited net asset value of the Project Company of approximately RMB359,253,000 (equivalent to approximately HK\$408,242,045) as at 30 June 2010; and
- (iii) the future prospects of the real estate market in Zhuhai City, the PRC.

The Directors (excluding the independent non-executive Directors who shall provide their view after considering the advice from the independent financial adviser to be appointed) are of the view that the Consideration is fair and reasonable.

Conditions precedent:

Completion of the Sale and Purchase Agreement is subject to the satisfactory fulfillment and/or waiver by the Company of the following conditions:

- (i) the Vendor's warranties under the Sale and Purchase Agreement shall be true, accurate and complete in all respects on and as of the Completion Date by reference to the facts and circumstances subsisting as at the Completion Date;
- (ii) since the date of the Sale and Purchase Agreement, there shall have been no material adverse change in and there shall not have occurred any events which materially and adversely affect the business, prospects, operations or position, financial or otherwise, of the Target Company and the HK Company;
- (iii) the approval by the Independent Shareholders with respect to the entering into of the Sale and Purchase 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 and the transactions contemplated therein shall have been obtained;
- (iv) the listing of and permission to deal in all of the Conversion Shares being granted to the Company;
- (v) the Vendor shall have completed the Reorganisation;
- (vi) all business, legal and financial due diligence on the Target Company and the HK Company to the Purchaser's reasonable satisfaction;
- (vii) the Purchaser shall have received from the Valuer a valuation report (in such form and substance satisfactory to the Purchaser) in respect of the Project, showing that the market value of the Project being not less than RMB1 billion; and
- (viii) the Purchaser shall have received from its PRC legal adviser a PRC legal opinion (in such form and substance satisfactory to the Purchaser).

The Purchaser shall have the right to waive in writing any of the conditions (save and except for conditions (iii), (iv) and (vii)) as mentioned above. If the aforementioned conditions precedent have not been fulfilled (or, where applicable, to be waived by the Purchaser in writing) on or before the Long Stop Date, the Purchaser shall not be bound to proceed with the purchase of the Sale Shares and the Sale and Purchase Agreement (other than the clauses relating to conditions precedent, announcements, costs and expenses and governing law) shall become void and of no further effect from the Long Stop Date and, save in respect of any antecedent breaches, all liabilities and obligations of the parties to the Sale and Purchase Agreement shall cease and determine provided that such termination shall be without prejudice to any rights or remedies of the Vendor and the Purchaser which shall have accrued prior to such termination.

Completion:

Completion shall take place on the Completion Date.

The Company has no present intention to change the composition of the Board upon Completion and the Directors confirm that the Company does not intend to appoint the ultimate beneficial owner of the Vendor (i.e. Mr. Ho) and/or any of his associate(s) as Director(s) as a result of the Acquisition. Upon Completion and as a result of the Acquisition, there will be no change in control of the Company.

Undertaking from the Vendor and Mr. Ho:

The Vendor undertakes and procures Mr. Ho to undertake to the Purchaser and the Company that, in the event of exercise of the conversion right attaching to the Convertible Bonds:

- (i) it will not result in the Company's non-compliance with the public float requirement stipulated under Rule 8.08 of the Listing Rules;
- (ii) it will not result in Mr. Ho, his associates and parties acting in concert with him, taken together, directly or indirectly controlling or being interested in 30% or more of the voting rights of the Company (or such other percentage may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer); and
- (iii) it will not result in the Vendor and other then substantial shareholder(s) of the Company (if any), being presumed to be parties acting in concert with each other under the Takeovers Code by virtue of their then respective shareholdings in the Company.

The Convertible Bonds:

Pursuant to the Sale and Purchase Agreement, the Purchaser shall procure the Company to issue the Convertible Bonds in the principal amount of HK\$230 million to the Vendor or its nominee on the Completion Date to settle the entire Consideration.

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

Issuer

The Company

Principal amount

HK\$230 million

Maturity date

The date falling on the third anniversary of the date of issue of the Convertible Bonds or, if such a date shall not be a Business Day, the first Business Day following such date.

Interest

Nil

Transferability

The Convertible Bonds will be freely transferable or assigned (in integral multiple of HK\$5,000,000 or such lesser amount representing the entire outstanding principal amount of the Convertible Bonds). Any transfer of the Convertible Bonds to any connected person of the Company shall be subject to the prior written approval of the Company and the applicable requirements that the Stock Exchange may impose from time to time, if any.

The Convertible Bonds may only be assigned or transferred to the transferee (or their duly authorised representatives) with execution of a form of transfer by giving to the Company at least ten Business Days' written notice of the proposed transfer of the Convertible Bonds.

Voting rights

The Bondholder(s) is/are not entitled to attend or vote at any meetings of the Company by reason of it/them only being a Bondholder.

Conversion right

The Bondholder(s) has/have the right to convert the whole or part of the outstanding principal amount of the Convertible Bonds (in the amount of HK\$5,000,000 or integral multiples thereof save that if the principal outstanding amount of the Convertible Bonds is less than HK\$5,000,000, the whole (but not part only) of such outstanding principal amount of the Convertible Bonds may be converted) at any time during the period commencing from three months after the date of the issue of the Convertible Bonds up to ten Business Days prior to the maturity date, provided that the Convertible Bonds may not be converted if such conversion would result in (i) the Company's non-compliance with the public float requirement stipulated under Rule 8.08 of the Listing Rules; or (ii) such Bondholder, its associates and parties acting in concert with it, taken together, directly or indirectly controlling or being interested in 30% or more of the voting rights of the Company (or such other percentage may from time to time be specified in the Takeovers Code being the level for triggering a mandatory general offer); or (iii) the Bondholder(s) and other then substantial shareholder(s) of the Company (if any), being presumed to be parties acting in concert with each other under the Takeovers Code by virtue of their then respective shareholdings in the Company.

Conversion Price

The initial Conversion Price of HK\$0.8115 per Conversion Share (subject to adjustments as detailed below) is equivalent to the volume weighted average of the closing prices of approximately HK\$0.8115 per Share for the 30 consecutive trading days up to and including 2 December 2010, and represents:

- (i) a premium of approximately 2.72% over the closing price of HK\$0.79 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 4.04% over the average of the closing prices of approximately HK\$0.780 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 2.20% over the average of the closing prices of approximately HK\$0.794 per Share for the last ten consecutive trading days up to and including the Last Trading Day; and

- (iv) a premium of approximately 3.91% over the unaudited consolidated net asset value of the Group of approximately HK\$0.781 per Share as at 30 June 2010 (based on the unaudited net asset value of the Group of approximately RMB585,545,000 (equivalent to approximately HK\$665,392,045) as at 30 June 2010 and 851,980,000 issued Shares as at the date of the Sale and Purchase Agreement).

The Directors confirmed that the Conversion Price was arrived at after arm's length negotiations between the Company and the Vendor, after taking into account the prevailing market price of the Shares and the recent condition of the financial market in Hong Kong.

Conversion price reset

The Conversion Price shall be adjusted on each of the first and second anniversaries of the date of issue of the Convertible Bonds if the volume weighted average of the closing prices of the Shares over the preceding 30 trading days, prior to each of the first and second anniversaries, is less than 85% of the then applicable Conversion Price. The new Conversion Price shall then be adjusted to be equivalent to 90% of the then applicable Conversion Price immediately before the adjustment.

The Directors (excluding the independent non-executive Directors who shall provide their view after considering the advice from the independent financial adviser to be appointed) confirmed that the price reset mechanism of the Conversion Price was arrived at after arm's length negotiations between the Company and the Vendor.

Redemption

The Company may at any time three months after the date of issue of the Convertible Bonds and before the maturity date with prior notice to the Bondholder(s) redeem all, but not some only, of the Convertible Bonds at 110% of the outstanding principal amount of the Convertible Bonds.

Unless previously redeemed, converted or purchased and cancelled, the Company shall redeem the Convertible Bonds at 110% of the outstanding principal amount of the Convertible Bonds on the date of maturity of the Convertible Bonds.

Ranking of the Conversion Shares

The Conversion Shares shall rank *pari passu* in all respects with the Shares in issue on the date of issuance and allotment of such Shares.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Conversion Shares which fall to be issued upon exercising of the conversion right attaching to the Convertible Bonds. The Conversion Shares shall be allotted and issued under a specific mandate of the Company. There will be no restriction on the subsequent sale of the Conversion Shares.

Conversion Shares

Assuming full conversion of all the Convertible Bonds at the initial Conversion Price, a maximum of 283,425,754 Conversion Shares will be issued, representing (i) approximately 33.27% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 24.96% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon exercise of the conversion right attaching to the Convertible Bonds at the initial Conversion Price.

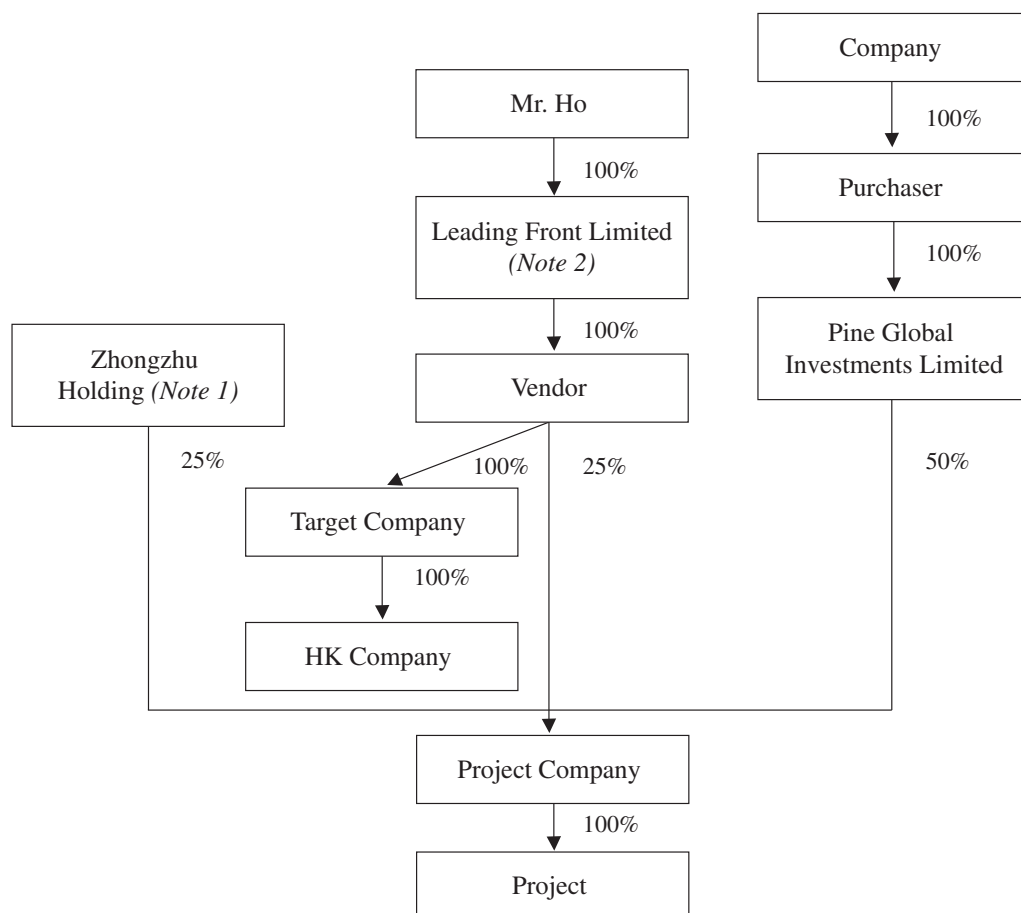
Board composition of the Project Company:

The Project Company is managed by a board of five directors, of which three directors are appointed by the Company. Pursuant to the Sale and Purchase Agreement, the HK Company (hence the Company) will be entitled to appoint one director to the board of directors of the Project Company upon Completion to replace the director of the Project Company currently appointed by the Vendor. As such, upon Completion, four directors in the board of directors of the Project Company will be appointed by the Company and the Company will continue to have majority control over the board of directors of the Project Company.

SHAREHOLDING STRUCTURE OF THE TARGET GROUP

The following charts show the shareholding structure of the Target Group (i) as at the date of this announcement; (ii) immediately upon completion of the Reorganisation; and (iii) immediately upon Completion:

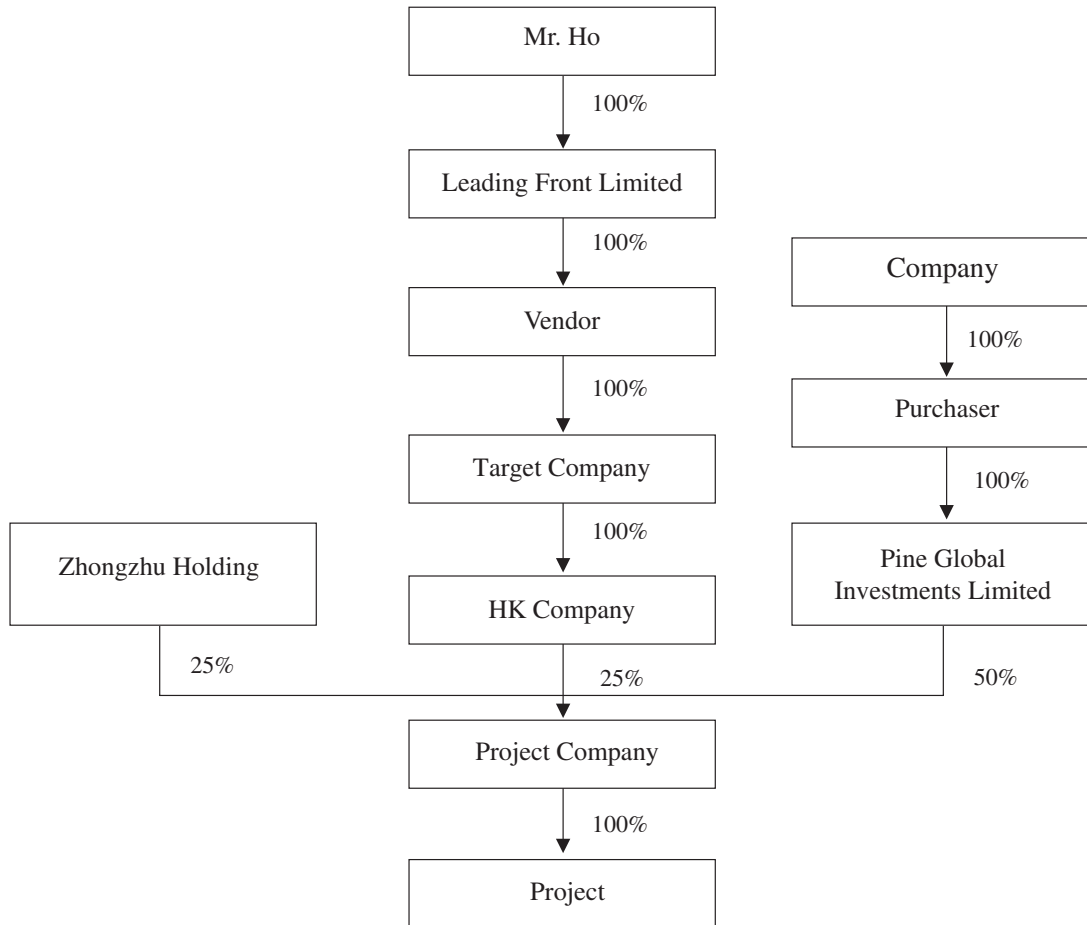
Simplified shareholding structure as at the date of this announcement



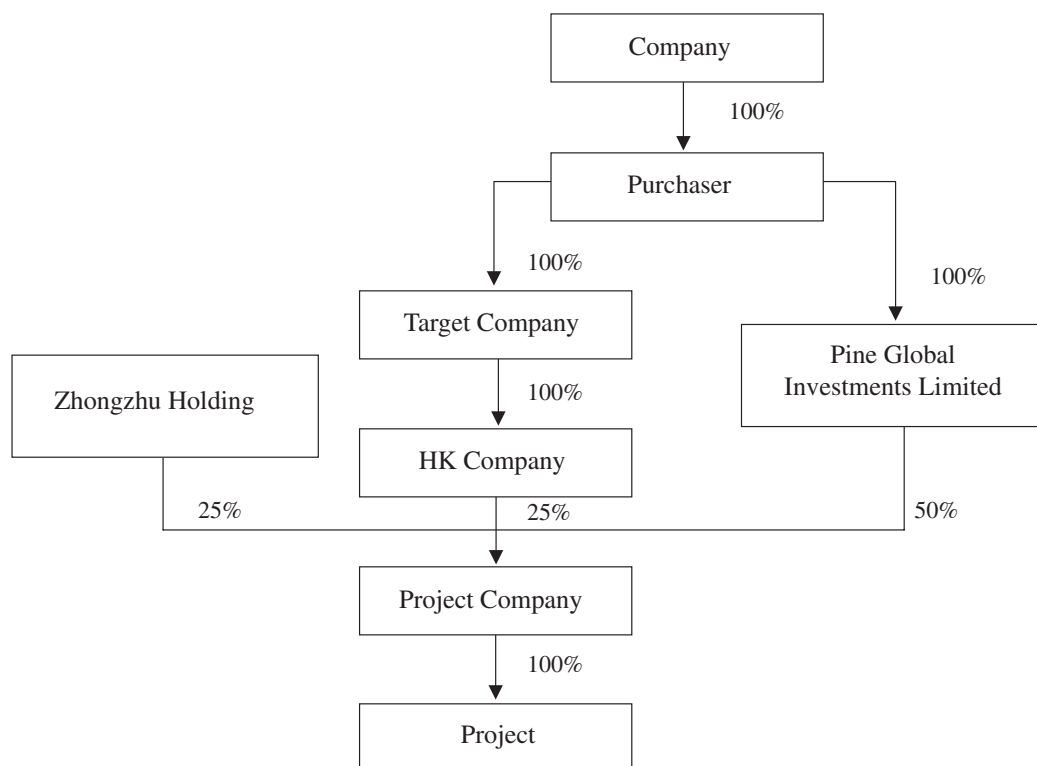
Notes:

1. Zhongzhu Holding is a company incorporated in the PRC with limited liability and the shares of which are listed on the Shanghai Stock Exchange. Zhongzhu Holding is interested in 25% equity interest in the Project Company. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, save and except for Mr. Chen, who is indirectly holding approximately 1.12% of the issued share capital of Zhongzhu Holding, the ultimate beneficial owners of Zhongzhu Holding are independent third parties of the Company.
2. Leading Front Limited is an investment holding company incorporated in the British Virgin Islands with limited liability on 10 November 2009.

Simplified shareholding structure immediately upon completion of the Reorganisation



Simplified shareholding structure immediately upon Completion



INFORMATION ON THE TARGET GROUP

The Target Company

The Target Company is an investment holding company incorporated in the British Virgin Islands on 8 October 2010 with limited liability and is wholly-owned by the Vendor. As at the date of this announcement, the Target Company directly holds 100% equity interest in the HK Company and does not have any operation.

The HK Company

The HK Company is an investment holding company incorporated in Hong Kong on 27 September 2010 with limited liability. Immediately upon completion of the Reorganisation, the HK Company will directly hold 25% equity interest in the Project Company. As at the date of this announcement, the HK Company does not have any operation.

The Project Company

The Project Company is a sino-foreign joint venture established in the PRC on 8 November 2005 with limited liability and is owned as to 50%, 25% and 25% by the Company, the Vendor and Zhongzhu Holding respectively as at the date of this announcement. The only major asset of the Project Company is the Project.

The Target Group

As at the date of this announcement, the Company is effectively interested in 50% equity interest in the Project Company. The Project Company is currently a subsidiary of the Company and its financial results are consolidated into the financial statements of the Group. Upon Completion, the Company will become the sole shareholder of the Target Company through the Purchaser and therefore be effectively interested in (i) 100% equity interest in the HK Company; and (ii) a further 25% equity interest in the Project Company. Given that the Company will continue to control the board of directors of the Project Company and be interested in an aggregate of 75% equity interest in the Project Company, the financial results of the Target Group will continue to be consolidated into the financial statements of the Group.

Information on the Project

The only major asset of the Project Company is the Project and the Project consists 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台石路西、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 872 residential units, 60 commercial units as well as 563 car parking spaces. As at the date of this announcement, approximately 93% of the residential units and 78% of the commercial units under Property A have been sold and delivered 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、三台石路西側) and occupies approximately 57,762.92 square meters with a planned gross floor area of approximately 175,802.65 square meters. The construction of Property B has commenced in October 2009 and is expected to be completed in the second half of 2012. The pre-sale of Property B has commenced in late November 2010. Property B will be developed into a residential and commercial complex with car parking spaces. As confirmed by the Company's legal advisers as to the PRC laws, the Project Company has already obtained all the necessary licenses and approvals from the relevant government department for the construction and the subsequent sale of Property B.

Based on the existing budget of the Project (which takes into account the part of the proceeds from the sale of the residential and commercial units under Property A that are retained for the construction of Property B and the available banking facility of the Project Company), the Company expects that the Project can be self-financed. Thus, no further capital contributions are required from the Company for the development of Property B.

Financial information of the Target Group

Set out below is a summary of the unaudited financial information of the Project Company (on company level) for the two years ended 31 December 2009 and the six months ended 30 June 2010 prepared in accordance with the Hong Kong Financial Reporting Standards:

Statement of comprehensive income	For the year ended 31 December 2008	For the year ended 31 December 2009	For the six months ended 30 June 2010
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	–	592,135	95,845
Net profit/(loss) before taxation	(13,920)	263,095	(774)
Net profit/(loss) after taxation	(13,920)	197,165	25,602

Statement of financial position	As at 31 December 2008	As at 31 December 2009	As at 30 June 2010
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total assets	1,048,189	635,235	615,540
Total liabilities	(811,703)	(201,584)	(256,287)
Net assets	236,486	433,651	359,253

As mentioned in the foregoing, Property A was completed and approximately 93% of the residential units and 78% of the commercial units under Property A have been sold and delivered to buyers. The revenue recorded by the Project Company for the year ended 31 December 2009 was attributable to the sale and delivery of such property units. The Project Company will retain part of the proceeds from the sale of the property units under Property A until Completion and apply the same for the development of Property B.

REASONS FOR THE ACQUISITION

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. It is the intention of the Company to retain the Project for property development and investment and the Directors (excluding the independent non-executive Directors who shall provide their view after considering the advice from the independent financial adviser to be appointed) are of the view that the Acquisition is conducted in the ordinary and usual course of business of the Company. In view of (i) the successful launch and sale of Property A; (ii) the future prospects of the real estate market in Zhuhai City, the PRC; and (iii) the discount as represented by the Consideration as compared to the unaudited net asset value of the Project Company (including the Preliminary Valuation) being attributable to the Acquisition, the Directors (excluding the independent non-executive Directors who shall provide their view after considering the advice from the independent financial adviser to be appointed) consider that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purpose only, set out below is a summary of the shareholdings in the Company (i) as at the date of this announcement; (ii) immediately after the issue of the maximum number of Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price; and (iii) immediately after the issue of the Conversion Shares upon conversion of the Convertible Bonds, while the Vendor does not hold more than 29.9% of the issued share capital of the Company:

Shareholder	As at the date of this announcement		Immediately after the issue of the maximum number of Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price		Immediately after the issue of the Conversion Shares upon conversion of the Convertible Bonds, while the Vendor does not hold more than 29.9% of the issued share capital of the Company (Note 4)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mega Edge International Limited (Note 1)	79,500,000	9.33	79,500,000	7.00	79,500,000	8.91
Mr. Chak Joaquim Emilio Kin Man (Notes 2 and 3)	96,824,000	11.36	96,824,000	8.53	96,824,000	10.86
Ms. Wong Sio Leng (Note 3)	115,000,000	13.50	115,000,000	10.13	115,000,000	12.89
Mr. Ho	226,800,000	26.62	510,225,754	44.94	266,660,228	29.90
Mr. Lau Sai Chung	148,000	0.02	148,000	0.01	148,000	0.02
Public Shareholders	333,708,000	39.17	333,708,000	29.39	333,708,000	37.42
Total	851,980,000	100.00	1,135,405,754	100.00	891,840,228	100.00

Notes:

1. Mega Edge International Limited is legally and beneficially owned as to 100% by Ms. Xia Dan, an executive Director. By virtue of the SFO, Ms. Xia is deemed to have interest in the Shares held by Mega Edge International Limited.
2. Mr. Chak Joaquim Emilio Kin Man is a substantial shareholder of the Company. 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.
3. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, other than being substantial shareholders of the Company, Mega Edge International Limited, Mr. Chak Joaquim Emilio Kin Man, Ms. Wong Sio Leng and Mr. Ho did not have any relationship among themselves.
4. The shareholding structure is shown for illustration purpose only and may not be exclusive. Pursuant to the Sale and Purchase Agreement and the terms of the Convertible Bonds, the Bondholder(s) has/have the right to convert the whole or part of the outstanding principal amount of the Convertible Bonds (in the amount of HK\$5,000,000 or integral multiples thereof save that if the principal outstanding amount of the Convertible Bonds is less than HK\$5,000,000, the whole (but not part only) of such outstanding principal amount of the Convertible Bonds may be converted) at any time during the period commencing from three months after the date of the issue of the Convertible Bonds up to ten Business Days prior to the maturity date, provided that the Convertible Bonds may not be converted if such conversion would result in (i) the Company's non-compliance with the public float requirement stipulated under Rule 8.08 of the Listing Rules; or (ii) such Bondholder, its associates and parties acting in concert with it, taken together, directly or indirectly controlling or being interested in 30% or more of the voting rights of the Company (or such other percentage may from time to time be specified in the Takeovers Code being the level for triggering a mandatory general offer); or (iii) the Vendor and other then substantial shareholder(s) of the Company (if any), being presumed to be parties acting in concert with each other under the Takeovers Code by virtue of their then respective shareholdings in the Company.

5. 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 into 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 seven 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 convertible redeemable 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 convertible redeemable preference A shares is extended for a further 12 months from the expiry date of the conversion period; and 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 seven 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 as announced by the Company on 16 September 2010 (the “**Previous Bonds**”). As disclosed in the Company’s announcement dated 1 December 2010, the conversion price of the convertible redeemable preference shares and the convertible redeemable preference A shares has been adjusted from HK\$0.40 to HK\$0.38 with effect from 1 December 2010.

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. Mr. Tsim Sze Hon was a former executive Director and he resigned on 27 October 2010.

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 of the Company and Directors.

6. As at the date of this announcement, the Company has (i) an aggregate of 16,748,000 outstanding share options granted under two share option schemes of the Company, carrying rights to subscribe for a total of 16,748,000 Shares; and (ii) the Previous Bonds in the outstanding principal amount of HK\$160 million with a conversion price of HK\$0.59 each (subject to adjustment), being convertible into a maximum of 271,186,440 new Shares. Save for the aforesaid share options and the Previous Bonds, the Company does not have any outstanding derivatives or securities convertible into Shares as at the date of this announcement. The shareholding structure shown in the above table has assumed no exercise of such share options and the Previous Bonds.

The Company shall comply with the public float requirements under Rule 8.08 of the Listing Rules, being that not less than 25% of the total issued share capital of the Company are held by the public at all times and the Company shall take appropriate steps/measures to ensure sufficient public float of the Shares (if necessary).

EQUITY FUND RAISING ACTIVITY IN THE PAST TWELVE MONTHS

Set out below is the equity fund raising activity conducted by the Company in the past twelve months prior to the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
16 September 2010	Issue of convertible bonds in the principal amount of HK\$160 million under specific mandate	Approximately HK\$155.8 million	To be applied towards settling the entire outstanding amount due to Bank of China, Shenzhen Branch	To be applied as intended

Save as and except for the above, the Company has not conducted any other equity fund raising activities in the past twelve months prior to the date of this announcement.

IMPLICATION UNDER THE LISTING RULES

Since the relevant percentage ratio (as defined under the Listing Rules) in respect of the Acquisition is more than 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. By virtue of Mr. Ho being a substantial shareholder of the Company and the Vendor being ultimately and beneficially owned as to 100% by Mr. Ho, the Vendor is a connected person of the Company under Chapter 14A of the Listing Rules and thus the Acquisition also constitutes a connected transaction for the Company and is subject to the approval of the Independent Shareholders by way of poll at the EGM.

As aforementioned, the Vendor is ultimately and beneficially owned as to 100% by Mr. Ho. Mr. Ho is therefore considered to have material interest in the Acquisition. In addition, given that Mr. Chen, being an executive Director and the Chairman of the Company, is one of the ultimate beneficial owners of Zhongzhu Holding, Mr. Chen is also considered to have material interest in the Acquisition. Accordingly, Mr. Ho, Mr. Chen and their respective associates are required to abstain from voting at the EGM in respect of the ordinary resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds upon Completion and the Conversion Shares which may be issued and allotted pursuant to the terms of the Convertible Bonds.

As aforesaid, the EGM will be held to consider and, if thought fit, approve by the Independent Shareholders the ordinary resolutions in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds upon Completion and the Conversion Shares which may be issued and allotted pursuant to the terms of the Convertible Bonds.

GENERAL

An Independent Board Committee comprising Mr. Poon Lai Yin, Michael, Mr. Chong Yiu Chik and Mr. Choi Kai Ming, Raymond (all being independent non-executive Directors) has been established to advise the Independent Shareholders (i) as to whether the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned and whether the Acquisition is in the interests of the Company and the Shareholders as a whole; and (ii) on how to vote in respect of the Acquisition after taking into account the recommendation of the independent financial adviser to be appointed.

A circular containing, among other things, (i) further details of the Acquisition; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the Sale and Purchase Agreement; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement; (iv) the valuation report on the Project; and (v) a notice convening the EGM will be despatched to the Shareholders on or before 24 December 2010 in accordance with the Listing Rules.

As Completion is subject to the fulfillment of a number of conditions precedent which are detailed in this announcement, the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the terms and conditions set out in the Sale and Purchase Agreement
“associate(s)”	shall have the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds from time to time
“Business Day(s)”	a day (not being a Saturday, Sunday or days on which a typhoon signal No. 8 or above or black rainstorm warning is hosted in Hong Kong at 10:00 a.m.) on which banks are generally open for general banking business in Hong Kong
“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”	the completion of the Acquisition

“Completion Date”	the fifth Business Day after all the conditions precedent under the Sale and Purchase Agreement having been satisfied or waived (as the case may be) (or such other time and/or date as the parties to the Sale and Purchase Agreement may agree)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly
“Consideration”	the consideration of HK\$230 million payable by the Purchaser to the Vendor for the Acquisition pursuant to the Sale and Purchase Agreement
“Conversion Price”	HK\$0.8115 per Conversion Share, subject to adjustments in accordance with the terms and conditions of the Sale and Purchase Agreement and the terms of the Convertible Bonds
“Conversion Share(s)”	the new Shares to be allotted and issued by the Company upon the exercise of the conversion right attaching to the Convertible Bonds at the Conversion Price
“Convertible Bond(s)”	the zero coupon unsecured convertible bonds in the principal amount of HK\$230 million to be issued by the Company to the Vendor or its nominee in accordance with its terms and conditions
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds upon Completion and the issue and allotment of the Conversion Shares pursuant to the terms of the Convertible Bonds under a specific mandate of the Company, by the Independent Shareholders
“Group”	the Company and its subsidiaries
“HK Company”	Universe Asia Pacific Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company. The HK Company will become the beneficial owner of 25% equity interest in the Project Company upon completion of the Reorganisation
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	an independent board committee of the Company, comprising all the independent non-executive Directors, for the purpose of advising the Independent Shareholders in respect of the Sale and Purchase Agreement
“Independent Shareholders”	Shareholders other than those who are required under the Listing Rules to abstain from voting on the resolutions to be proposed at the EGM to approve the Sale and Purchase Agreement, the issue of the Convertible Bonds upon Completion and the issue and allotment of the Conversion Shares pursuant to the terms of the Convertible Bonds under a specific mandate of the Company
“Last Trading Day”	2 December 2010, being the day prior to the date of the Sale and Purchase Agreement
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2011 or such later date as shall be determined by the parties to the Sale and Purchase Agreement
“Mr. Chen”	Mr. Chen Xian, being an executive Director and the Chairman of the Company, and one of the ultimate beneficial owners of Zhongzhu Holding
“Mr. Ho”	Mr. Ho Man Hung, being the sole shareholder and director of the Vendor and a substantial shareholder of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Preliminary Valuation”	the preliminary valuation on the Project of approximately RMB1,174,100,000 (equivalent to approximately HK\$1,362,064,965 based on the exchange rate of HK\$1.00:RMB0.862) as at 30 September 2010
“Project”	a property project which consists of Property A and Property B
“Project Company”	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 the Vendor and 25% by Zhongzhu Holding
“Property A”	a parcel of land 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台石路西、霞光路北側) with buildings constructed thereon

“Property B”	a parcel of land 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、三台石路西側) with buildings being constructed thereon
“Purchaser”	Boom Lotus Holdings Limited, a company established in the British Virgin Islands with limited liability and is wholly owned by the Company, being also the purchaser under the Sale and Purchase Agreement
“Reorganisation”	the corporate restructuring of the Target Group involving the transfer of 25% equity interest in the Project Company from the Vendor to the HK Company, the shareholding structure of the Target Group upon completion of the Reorganisation will become that as set forth in the section headed “Shareholding structure of the Target Group” of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the conditional sale and purchase agreement in relation to the Acquisition entered into between the Purchaser and the Vendor on 3 December 2010
“Sale Shares”	1,000 shares of US\$1.00 each in the issued share capital of the Target Company, representing the entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	shall have the meaning as ascribed to it under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases of the Securities and Futures Commission of Hong Kong
“Target Company”	Armando Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by the Vendor
“Target Group”	the Target Company and its subsidiaries upon completion of the Reorganisation (including the HK Company and the Project Company)

“US\$”	US dollars, the lawful currency of the United States of America
“Valuer”	Vigers Appraisal & Consulting Limited, an independent valuer
“Vendor”	Seaton Limited, the sole shareholder of the Target Company and an investment holding company incorporated in Hong Kong with limited liability, being the vendor under the Sale and Purchase Agreement
“Zhongzhu Holding”	中珠控股股份有限公司 (Zhongzhu Holding Company Limited*), a company incorporated in the PRC with limited liability and the shares of which are listed on the Shanghai Stock Exchange. Zhongzhu Holding is interested in 25% equity interest in the Project Company
“%”	per cent.

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

Hong Kong, 3 December 2010

For the purpose of this announcement, all amounts (save for the Preliminary Valuation) denominated in RMB have been translated (for information only) into HK\$ using the exchange rate of HK\$1.00:RMB0.88. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the relevant dates at the above rate or any other rates at all.

If there is any inconsistency between the Chinese names of the PRC entities mentioned in this announcement and their English translations, the Chinese names shall prevail.

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 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 Listed Company Information” page of the website of the Stock Exchange and the website of the Company for at least seven days from the date of its posting.

* *For identification purposes only*