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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

The board of directors (the "Board") of China Uptown Group Company Limited (the "Company") is pleased to announce the unaudited consolidated interim financial results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2012.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

		For the six months ended 30 June	
		2012	2011
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Turnover	*3*	**35,270**	148,269
Cost of sales		**(29,129)**	(142,843)
Gross profit		**6,141**	5,426
Other operating income		**325**	6,107
Selling and distribution costs		**(5,660)**	(7,223)
Administrative expenses		**(9,098)**	(11,338)
Change in fair value of investment properties		**20,426**	(1,112)
Change in fair value of convertible bonds		**(14,430)**	37,397
Equity-settled share-based payment expenses		**(3,767)**	–
Finance costs		**(5,725)**	(6,082)
(Loss) profit before taxation		**(11,788)**	23,175
Income tax expense	*4*	**(4,719)**	(2,142)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*
For the six months ended 30 June 2012

	Notes	For the six months ended 30 June **2012** *RMB'000* **(unaudited)**	2011 *RMB'000* (unaudited)
(Loss) profit for the period	5	**(16,507)**	21,033
Exchange differences arising on translation of financial statements of foreign operations and total other comprehensive (expense) income for the period		**(3,189)**	5,722
Total comprehensive (expense) income for the period		**(19,696)**	26,755
(Loss) profit for the period attributable to:			
Owners of the Company		**(14,832)**	26,925
Non-controlling interests		**(1,675)**	(5,892)
		(16,507)	21,033
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(18,021)**	32,647
Non-controlling interests		**(1,675)**	(5,892)
		(19,696)	26,755
(Loss) earnings per share	7		
Basic		**RMB(1.74 cents)**	RMB3.16 cents
Diluted		**RMB(1.74 cents)**	RMB(0.48 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012

	Notes	30 June 2012 RMB'000 (unaudited)	31 December 2011 RMB'000 (audited)
Non-current assets			
Property, plant and equipment		**30,858**	31,619
Investment properties		**175,800**	162,025
Prepaid lease payments		**237**	240
Goodwill		**184,231**	184,231
Available-for-sale investments		**–**	–
		391,126	378,115
Current assets			
Inventories		**6,031**	3,540
Properties under development		**1,186,281**	971,642
Properties held for sale		**55,095**	64,762
Trade and other receivables	*8*	**71,785**	62,400
Prepaid lease payments		**6**	6
Held-to-maturity investments		**–**	–
Held-for-trading investments		**90**	219
Income tax recoverable		**35,083**	27,717
Restricted bank deposits		**121,188**	92,298
Bank balances and cash		**68,552**	136,693
		1,544,111	1,359,277
Assets classified as held for sale		**6,710**	–
		1,550,821	1,359,277
Current liabilities			
Trade and other payables	*9*	**1,175,240**	919,642
Income tax payable		**809**	1,176
Bank borrowings		**88,232**	99,357
		1,264,281	1,020,175
Net current assets		**286,540**	339,102
Total assets less current liabilities		**677,666**	717,217
Capital and reserves			
Ordinary share capital		**81,232**	81,232
Convertible redeemable preference shares		**184,653**	184,653
Reserves		**(24,773)**	(10,519)
Equity attributable to owners of the Company		**241,112**	255,366
Non-controlling interests		**73,830**	75,505
Total equity		**314,942**	330,871
Non-current liabilities			
Convertible bonds		**328,588**	311,260
Consideration payable		**–**	44,645
Deferred taxation		**34,136**	30,441
		362,724	386,346
		677,666	717,217

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets

Except for the below, the directors of the Company anticipate that the application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or on the disclosures set out in these condensed consolidated financial statements.

Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets

Under the amendments to HKAS 12 *Deferred Tax – Recovery of Underlying Assets*, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors reviewed the Group's investment property portfolios and concluded that the Group's investment properties, which are located in the PRC, are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, and that the presumption set out in the amendments to HKAS 12 is rebutted.

The investment properties, which are located in Hong Kong, were not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, and is not subject to any income taxes. The presumption set out in the amendments to HKAS 12 is not rebutted.

As a result of the application of the amendments to HKAS 12, the Group does not recognise any deferred taxes on changes in fair value of the investment properties located in Hong Kong. Based on the best estimation of the directors of the Company, the Group is not subject to any income taxes on disposal of its investment properties. Previously, the Group recognised deferred taxes on changes in fair value of investment properties on the basis that the entire carrying amounts of the properties were recovered through use.

The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's deferred tax liabilities arising from the change in fair value of investment properties being decreased by approximately RMB261,000 as at 31 December 2011, with the corresponding adjustment being recognised in accumulated losses. In addition, the application of the amendments has resulted in the Group's income tax expense for the six months ended 30 June 2012 and 30 June 2011 being reduced by approximately RMB256,000 and approximately RMB97,000 respectively and hence resulted in the loss for the six months ended 30 June 2012 being decreased by RMB256,000 and profit for the six months ended 30 June 2011 being increased by approximately RMB97,000.

The effect of changes in accounting policies on deferred tax liabilities on investment properties was set off against the respective changes in deferred tax assets related to the tax loss recognised. Hence, no effect on the Group's (i) financial results for the current and prior periods; (ii) financial position as at 1 January 2011 and 31 December 2011; and (iii) the basic and diluted earnings per share for the six months ended 30 June 2012 and 2011.

3. TURNOVER AND SEGMENT INFORMATION

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

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

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

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment for the six months ended 30 June:

	Property development		Property investment		Trading		Technology		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Turnover	**11,436**	46,981	**3,720**	3,729	**20,114**	97,559	**–**	–	**35,270**	148,269
Segment profit (loss)	**(4,606)**	(9,609)	**23,152**	3,391	**(1,024)**	2,276	**–**	–	**17,522**	(3,942)
Change in fair value of convertible bonds									**(14,430)**	37,397
Change in fair value of held-for-trading investments									**(131)**	(523)
Discount received on early settlement of consideration payable									**–**	993
Equity-settled share-based payment expense									**(3,767)**	–
Interest income									**308**	662
Unallocated corporate expenses									**(5,565)**	(5,330)
Finance costs									**(5,725)**	(6,082)
(Loss) profit before taxation									**(11,788)**	23,175

Segment profit/loss represent the profit/loss of each segment without allocation of change in fair value of convertible bonds, change in fair value of held-for-trading investments, discount received on early settlement of consideration payable, equity-settled share-based payment expense, interest income, central administration costs, directors' emoluments and finance costs. This is the measure reported to the chief operating decision maker (board of directors) of the Group for the purposes of resource allocation and performance assessment.

4. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax		
Hong Kong Profits Tax	**–**	156
PRC Enterprise Income Tax ("PRC EIT")	**877**	2,723
	877	2,879
PRC Land Appreciation Tax ("LAT")		
– Current year	**96**	989
	973	3,868
Deferred taxation	**3,746**	(1,726)
	4,719	2,142

(a) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2012 and 2011.

No Hong Kong Profits Tax has been provided for in the condensed consolidated financial statements for the six months ended 30 June 2012 as no assessable profit was derived from Hong Kong during the period.

Hong Kong Profits Tax has been provided for in the condensed consolidated financial statements for the six months ended 30 June 2011 as the assessable profits of the Group was partially set off against tax losses brought forward.

(b) Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of certain subsidiaries of the Company was 25% for both periods.

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

(d) Pursuant to the PRC EIT Law, withholding tax is imposed on dividends declared by PRC subsidiaries of the Group in respect of profits earned from 1 January 2008 onwards.

At 30 June 2012 and 31 December 2011, no deferred taxation has been provided for the portion of profits that are expected to be distributed by the PRC subsidiaries and no deferred taxation has been provided for the remaining profits as the Group is able to control the timing of the distribution in the foreseeable future.

5. (LOSS) PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(Loss) profit for the period has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	**3**	3
Change in fair value of held-for-trading investments	**131**	523
Cost of inventories recognised as expenses (included in cost of sales)	**30,231**	147,677
Depreciation of property, plant and equipment	**930**	966
Impairment loss recognised in respect of properties held for sale (included in cost of sales)	**–**	3,880
Bad debt recovered	**–**	(1,676)
Discount received for early settlement of consideration payables	**–**	(993)
Gain on disposal of investment properties	**–**	(2,544)
Interest income	**(308)**	(662)
Reversal of impairment loss recognised in respect of inventories	**(10)**	–
Reversal of impairment loss recognised in respect of properties held for sale (included in cost of sales)	**(1,339)**	(5,200)

6. INTERIM DIVIDEND

No dividends were paid, declared or proposed during the interim period. The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: nil).

7. (LOSS) EARNINGS PER SHARE

The calculation of basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

(Loss) earnings figures are calculated as follows:

	For the six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(Loss) earnings		
(Loss) earnings for the purpose of basic (loss) earnings per share for the period attributable to the owners of the Company	**(14,832)**	26,925
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	**–**	2,688
Change in fair value of convertible bonds	**–**	(37,397)
Loss for the purpose of diluted loss per share	**(14,832)**	(7,784)

	2012	2011
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**851,980**	851,980
Effect of dilutive potential ordinary shares:		
Share options issued by the Company *(note a)*	**30,000**	–
Conversion of convertible bonds *(note b)*	**–**	271,186
Conversion of convertible redeemable preference shares	**484,211**	484,211
Weighted average number of ordinary shares for the purpose of diluted loss per share	**1,366,191**	1,607,377

Note:

(a) The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options as the exercise price of these options was higher than the average market price of the Company's shares for the six months ended 30 June 2011.

(b) The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds as the exercise price of these convertible bonds was higher than the average market price of the Company's shares for the six months ended 30 June 2012.

Diluted loss per share was the same as the basic loss per share for the six months ended 30 June 2012 since the conversion of the Company's share options and convertible redeemable preference shares has an anti-dilutive effect to the loss per share.

8. TRADE AND OTHER RECEIVABLES

	30 June 2012	31 December 2011
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**26,835**	29,429
Less: Impairment loss recognised	**(5,230)**	(5,187)
	21,605	24,242
Prepayment, deposits and other receivables	**52,759**	40,733
Less: Impairment loss recognised	**(2,579)**	(2,575)
	50,180	38,158
	71,785	62,400

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

Trade receivables from rental income are due for settlement in accordance with the terms of the underlying agreements entered into with the tenants.

Trade receivables from the sale of properties are received in accordance with the terms of the related sales and purchase agreement. The Group does not hold any collateral over these balances.

The following is an aged analysis of trade receivables net of impairment loss recognised presented based on invoice date at the end of the reporting period:

	30 June 2012 *RMB'000* **(unaudited)**	31 December 2011 *RMB'000* (audited)
Within 60 days	**21,605**	23,423
Over 365 days	**–**	819
	21,605	24,242

Included in the Group's trade receivables is an amount of RMB16,700,000 (31 December 2011: RMB16,700,000) derived from the sales of properties. In accordance with the terms of the sales and purchase agreement, this receivable is repayable by installment.

9. TRADE AND OTHER PAYABLES

	30 June 2012 *RMB'000* **(unaudited)**	31 December 2011 *RMB'000* (audited)
Trade payables	**57,156**	26,288
Receipts in advance *(note (iii))*	**1,058,142**	883,572
Consideration payable	**47,323**	–
Accrued expenses and other payables	**12,619**	9,782
	1,175,240	919,642

Notes:

(i) The Group normally receives credit period from suppliers ranging from 30 days to 90 days.

(ii) An aged analysis of the trade payables at the end of the reporting period based on invoice date is as follows:

	30 June 2012 *RMB'000* **(unaudited)**	31 December 2011 *RMB'000* (audited)
Within 60 days	**56,442**	25,447
61 – 90 days	**25**	–
91 – 120 days	**47**	–
Over 365 days	**642**	841
	57,156	26,288

(iii) Receipts in advance represents sales proceeds received from buyers in connection with the Group's pre-sale of properties at the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The review of the major business segments of the Group during the period is as follows:

Property Development

The Group currently holds a property development project – Zhongzhu Uptown which is situated in Zhuhai, Guangdong Province, the PRC. Zhongzhu Uptown was developed in two phases. Approximately 97% properties of Zhongzhu Uptown Phase 1 were sold as at the report date. The pre-sale of Zhongzhu Uptown Phase 2 began in late 2010, and continued during 2011 and 2012.

For the six months ended 30 June 2012, total revenue attributable to the property development business amounted to approximately RMB11,436,000 (2011: RMB46,981,000).

Zhongzhu Uptown Phase 2 has completed the buildings and exterior construction as well as part of the interior decoration. The management anticipate the remaining portion of interior decoration and the construction of public area will be finished in the year, enable the delivery of the properties starting from late 2012. The pre-sales of Phase 2 began in November 2010. Up to 30 June 2012, approximately 640 residential units and 12 commercial properties were contracted for sales or reserved. Despite the stringent control of the properties market in the PRC, pre-sale of Phase 2 achieved a satisfactory result. Significant improvement is observed after the Chinese New Year of 2012. The average selling prices was significantly higher than Phase 1 as a result of the upsurge of properties price in Zhuhai in recent years.

Property Investment

Property investment business represents rental income and capital appreciation from investment properties held in the PRC and in Hong Kong. During the period, rental income amounted to approximately RMB3,720,000 (2011: RMB3,729,000) and gain on change in fair value of investment properties amounted to approximately RMB20,426,000 (2011: loss of RMB1,112,000).

At 30 June 2012, the investment properties represent the research and development centre in Shenzhen, the PRC with gross floor area of approximately 15,084 square metres. During the period, the Group entered into an agreement to dispose of an investment property in Hong Kong amounting to approximately RMB6,710,000. The disposal will be completed in September of the year. The management are of the view that by focusing its resources in the PRC property development and other high growth business the Group's result could be improved.

Trading

The Group's trading business represents distribution of electronic related components, mobile phone modules and imported automation products. The total revenue from the trading business during the period amounted to RMB20,114,000 (2011: RMB97,559,000) due to the weak non-smartphone mobile market. The Group is going to take various measures to diversify the product range with an objective to increase its market shares and further enhance the profit margin, including exploring the opportunity in trading and licensed distribution in smartphone business.

Technology

The automation and mobile handset projects involve substantial capital investments and resources while market environment in the short-term to medium-term still remain uncertain and the competition is very keen. The management will continue to take a cautious and critical review on potential business opportunities, and will engage in projects only if the business risks can be certainly managed and controlled.

MARKET OUTLOOK AND PROSPECTS

A loosening sign in the monetary policy in the PRC in the first half of 2012 is observed. However, overall liquidity, in particular the domestic financing for the real estate developers, remains tight. The People's Bank of China lowered the reserve requirement ratio during the period as well as reducing the asymmetric interest rate in July 2012. In addition, certain supportive policies have been launched by some individual local government and supportive measures are implemented to assist buyers purchasing first property for own living usage. As a result, the demand in the property market has recovered after the Chinese New Year in 2012. However, the tightening policies of the central government have not yet been loosened, which created difficulties for residential properties developers in acquiring new properties projects.

Looking forward, the management is confident in Zhuhai's real estate market. Zhuhai is one of the fastest growing cities with pleasant living environment. After the completion of the Hong Kong-Zhuhai-Macau Bridge, the local economy will be greatly enhanced.

Regarding the Zhongzhu Uptown Phase 2, since majority of the properties has already been contracted for pre-sale at a good price level and the construction works are going to be completed in a few months, the government policies and the performance of the properties markets will not significantly affect the profit and the development plans of the Phase 2.

FINANCIAL REVIEW

For the six months ended 30 June 2012, the Group's turnover is approximately RMB35,270,000 (2011: RMB148,269,000) which represented a decrease of approximately 76% as compared to the last corresponding period. The decrease in turnover is mainly due to majority units of Zhongzhu Uptown Phase 1 were sold in previous periods while Phase 2 was still in pre-sale stage as well as the sharp decline in the electronic components and mobile phone trading business. The management believes that upon the delivery of Phase 2 properties in the later half of the year, the turnover will be dramatically boosted. The loss attributable to owners of the Company was approximately RMB14,832,000 (2011: profit of RMB26,925,000). The loss is mainly attributable to the loss arising from the change in fair value of convertible bonds amounted to approximately RMB14,430,000 (2011: gain of RMB37,397,000) and the equity-settled share-based payment expenses amounted to approximately RMB3,767,000 (2011: Nil). Excluding the effect of change in fair value of the convertible bonds and the equity-settled share-based payments, profit attributable to the owners of the Company of approximately RMB3,365,000 was recorded (2011: loss of RMB10,472,000) which was mainly caused by net effect of gain on change in fair value of investment properties of approximately RMB20,426,000 (2011: loss of RMB1,112,000) and expenses for the advertisement and other related costs for the pre-sale of Phase II of Zhongzhu Uptown of approximately RMB6,774,000 (2011: RMB6,118,000).

For the first half of 2012, the Group's operating activities generated a net cash outflow of approximately RMB24,834,000 (2011: inflow of RMB240,136,000) which mainly represents the net effect of payment for the construction works for Phase 2 and receipts from the pre-sales of Phase 2. At 30 June 2012, the total amount of bank balances and cash was approximately RMB189,740,000 (31 December 2011: RMB228,991,000), including restricted bank deposits of RMB121,188,000 (31 December 2011: RMB92,298,000). At 30 June 2012, the total assets of the Group was approximately RMB1,941,947,000 (31 December 2011: RMB1,737,392,000), representing an increase of approximately 12%. The increase is mainly due to the capitalisation of the cost for construction of Zhongzhu Uptown Phase II. At 30 June 2012, the Group's total borrowings decreased to approximately RMB88,232,000 (31 December 2011: RMB99,357,000). At 30 June 2012, the gearing ratio, expressed as a percentage of total borrowings over net assets was 28% (31 December 2011: 30%). The current ratio was 1.2 (31 December 2011: 1.3).

CAPITAL STRUCTURE

The issued ordinary share capital of the Company at 31 December 2011 and 30 June 2012 was HK$85,198,000 divided into 851,980,000 shares of HK$0.10 each. At 31 December 2011 and 30 June 2012, the issued convertible redeemable preference shares was HK$35,000,000 divided into 350,000,000 shares of HK$0.10 each and the convertible redeemable preference A shares was HK$11,000,000 divided into 110,000,000 shares of HK$0.10 each. Up to 30 June 2012, none of the convertible redeemable preference shares and convertible redeemable preference A shares were converted into ordinary shares.

FOREIGN CURRENCY EXPOSURE

The Group mainly earns revenues and incurs costs in Renminbi, United States dollars and Hong Kong dollars. The Group's monetary assets and liabilities are denominated in Renminbi, United States dollars and Hong Kong dollars. The Group currently does not have a foreign currency hedging policy. However management will monitor foreign exchange exposure closely and consider the use of hedging instruments when the need arises.

CHARGE ON ASSETS

At 30 June 2012, certain of the Group's assets classified as held for sale, properties under development and leasehold buildings with an aggregate net carrying value of approximately RMB1,210,863,000 (31 December 2011: RMB995,884,000) were pledged to banks for securing revolving loans, general banking facilities and banking facilities of construction loan granted to certain subsidiaries of the Company. At 30 June 2012, facilities amounts of approximately RMB88,232,000 (31 December 2011: RMB99,357,000) were utilised and approximately RMB818,300 (31 December 2011: RMB810,000) were unutilised and available for the Group's future financing.

CAPITAL AND OTHER COMMITMENTS

The Group did not have any significant capital commitments as at 30 June 2012. At the end of the reporting period, the Group had the following commitments for properties under development:

	30.6.2012	31.12.2011
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Contracted for but not provided	**41,386**	144,746
Authorised but not contracted for	**46,544**	56,627

EMPLOYEE AND REMUNERATION POLICIES

At 30 June 2012, the Group employed 51 full time employees (31 December 2011: 53) in Hong Kong and the PRC. The Group's emolument policies are formulated on the basis of market trends, future plans and the performance of individuals, which will be reviewed periodically. Apart from provident fund scheme and state-managed social welfare scheme, share options will also be awarded to employees according to assessment of individuals' performance.

LITIGATIONS AND CONTINGENT LIABILITIES

(i) On 12 December 2009, the Company received a writ of summons from Global Tide Limited ("Global Tide"). Global Tide brought civil action in the High Court of the Hong Kong Special Administrative Region against the Company for compensation and damages of approximately HK$8,834,000 (the "Claim") in relation to the disposal of its former wholly-owned subsidiary, Magic Gain Investments Limited. Details of the Claim are set out in the announcement of the Company dated 16 December 2009.

On 31 January 2012, Global Tide filed an amended statement of claim in the High Court. Pursuant to which the claim is revised and reduced to HK$7,967,000. The Company decided to defend against the Claim and obtained legal advice in respect of the merits of the Claim. The directors of the Company expect that there will not be any material adverse financial effect on the earnings, net assets and liabilities of the Company and its subsidiaries.

(ii) The Group provided guarantees amounted to approximately RMB299,805,000 (31 December 2011: RMB266,904,000) for the repayment of the mortgage bank loans granted to purchasers of the Group's properties. Such guarantees will be released by banks upon the delivery of the properties to the purchasers or completion of the relevant mortgage properties registration.

INTERIM DIVIDEND

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2012.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Stock Exchange has issued the amendments on code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code") contained in Appendix 14 to the Listing Rules effective on 1 April 2012.

To fully comply with all the new code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules, relevant amendments and adoptions have been adopted by the Company on 1 April 2012.

The Company has applied the principles and complied with the code provisions and, where applicable, the recommended practices of the Corporate Governance Code ("Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2012.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry, the Directors of the Company confirm that all they have complied with the required standard as set out in the Model Code during the period under review.

PURCHASES, SALE AND REDEMPTION OF SECURITY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months period ended 30 June 2012.

AUDIT COMMITTEE

The Company established an audit committee ("Audit Committee") with written terms of reference in compliance with the Code. The principal duties of the Audit Committee include the review and supervision of the Group's internal control procedures and review of the Group's financial information. The existing Audit Committee comprises of three members, namely Mr. POON Lai Yin, Michael (Chairman), Mr. NG Kwok Chu, Winfield and Mr. CHAN Chun Fai, all are independent non-executive Directors. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2012 and is of the opinion that the preparation of such statements complied with the applicable accounting standards and that adequate disclosures have been made.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the Company discloses the changes in information of the Directors as follows:

Mr. Xiong Jianrui ("Mr. Xiong") has tendered his resignation as executive Director on 29 June 2012, but Mr. Xiong will remain as an employee of the Company and is primarily responsible for the general corporate development of the Group.

Subsequent to the period end date, on 17 August 2012, Mr. Liu Feng has been appointed as executive Director and the chairman of the Company and Mr. Chen Xian has been re-designated as the vice-chairman of the Company and remained as an executive Director.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is available for viewing at the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and at the website of the Company at www.chinauptown.com.hk. The interim report will be dispatched to the shareholders of the Company and published on the above websites as soon as practicable.

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

Hong Kong, 30 August 2012

As at the date of this announcement, the Board comprises Executive Directors, Mr. Liu Feng, Mr. Chen Xian, Mr. Lau Sai Chung and Ms. Xia Dan; and Independent Non-executive Directors, Mr. Poon Lai Yin, Michael, Mr. Ng Kwok Chu, Winfield and Mr. Chan Chun Fai.