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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)

LETTER OF INTENT IN RELATION TO A POSSIBLE ACQUISITION AND DISCLOSURE PURSUANT TO RULES 13.13 AND 13.15 OF THE LISTING RULES

THE LETTER OF INTENT AND THE POSSIBLE ACQUISITION

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions.

The Board is pleased to announce that on 27 August 2013, the Company entered into a non-legally binding Letter of Intent with the Potential Vendor and Party A in relation to the Possible Acquisition.

The Letter of Intent is non-legally binding (save for those terms in relation to the Refundable Deposit, the First Pledge and the Second Pledge, confidentiality and the aforesaid sole and exclusive right of negotiation) and is subject to, among others, the execution of a formal agreement and any precedent conditions therein. Therefore, the Possible Acquisition may or may not proceed. Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

DISCLOSURE PURSUANT TO RULES 13.13 AND 13.15 OF THE LISTING RULES

This announcement is also made pursuant to Rules 13.13 and 13.15 of the Listing Rules in relation to the Refundable Deposit.

THE LETTER OF INTENT AND THE POSSIBLE ACQUISITION

This announcement is made by China Uptown Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**Inside Information Provisions**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 27 August 2013, a non-legally binding letter of intent (the “**Letter of Intent**”) relating to a possible acquisition (the “**Possible Acquisition**”) by the Group of 90% equity interests (the “**Target Equity Interests**”) in a company (the “**Target Company**”) currently owned by Zhanjiang Huada Trading Co. Limited* (湛江市華大貿易有限公司) (the “**Potential Vendor**”) and the shareholders’ loan (the “**Target Shareholder’s Loan**”, amounting to RMB452 million as at the date of the Letter of Intent) currently due by the Target Company to the Potential Vendor was entered into by (i) the Company, (ii) the Potential Vendor, which is a company established in the People’s Republic of China (the “**PRC**”), and (iii) the sole beneficial owner of the Potential Vendor (“**Party A**”).

The Target Company is a company established under the laws of the PRC and is principally engaged in property development. The Target Company has been granted and owns 土地使用證 (land use certificates) relating to a piece of land in Maoming, Guangdong Province, the PRC with a total area of approximately 93,000 square meters (the “**Land**”). The Land will be developed into a mix of residential and commercial properties.

As set out in the Letter of Intent, the parties thereto have indicated their intention to negotiate the Possible Acquisition by the Company of the Target Equity Interests and the Target Shareholder’s Loan from the Potential Vendor or another company wholly owned by Party A (“**Party A’s Company**”) upon completion of transfer of the Target Equity Interests and assignment of the Target Shareholder’s Loan by the Potential Vendor to Party A’s Company.

To the best of the Directors’ knowledge, information and belief and the Directors having made all reasonable enquiries, the Potential Vendor, Party A and their respective associates are independent of and not connected with the Company, its subsidiaries and its connected persons (as defined in Chapter 14A of the Listing Rules).

MAJOR TERMS OF THE LETTER OF INTENT

As stipulated in the Letter of Intent, the consideration of the Possible Acquisition, if proceed will be determined based on, inter alia, the valuation of the Land by a professional independent valuer to be appointed by the Company and the amount of the Shareholders Loan. Pursuant to the Letter of Intent, (a) a refundable deposit (the “**Refundable Deposit**”) of RMB140 million shall be payable by the Company to the Potential Vendor within 15 business days (business days refer to Mondays to Fridays according to the Letter of Intent) after the signing of the Letter of Intent; (b) the Target Equity Interests shall be pledged in favour of the Company for securing the Refundable Deposit and the Potential Vendor shall complete all the necessary and required registrations with the relevant PRC government authorities within 15 business days after the payment of the Refundable Deposit by the Company to the Potential Vendor; and (c) if the Potential Vendor fails to complete the necessary and required registrations relating to the pledge (the “**First Pledge**”) of the Target Equity Interests within 15 business days after the payment of the Refundable Deposit by the Company (the “**Deadline for the First Pledge**”), the Potential Vendor should without any condition fully repay the Refundable Deposit to the Company within 15 business days after the Deadline for the First Pledge, while all other terms of the Letter of Intent will not be affected.

In addition, for the purpose of facilitating the transfer of the Target Equity Interests by the Potential Vendor to Party A's Company, if applicable, (i) the Company shall execute the relevant document(s) in relation to the temporary release of the First Pledge; and (ii) Party A shall complete, or procure Party A's Company to complete, the pledge (the "**Second Pledge**") of the Target Equity Interests in favour of the Company within 15 business days after completion of the transfer of the Target Equity Interests to Party A's Company (the "**Deadline for the Second Pledge**"), otherwise the Potential Vendor should without any condition fully repay the Refundable Deposit to the Company within 15 business days after the Deadline for the Second Pledge, while all other terms of the Letter of Intent will not be affected.

Pursuant to the Letter of Intent, the Company has the sole and exclusive right to negotiate with the Potential Vendor and Party A in relation to the Possible Acquisition. The Letter of Intent, as well as the aforesaid sole and exclusive right, will be valid up to and including 31 December 2013, or such later date as the parties to the Letter of Intent may agree. In case no formal agreement relating to the Possible Acquisition is entered into, the Potential Vendor or, as the case may be, Party A or Party A's Company shall within 15 business days upon expiry of the Letter of Intent on 31 December 2013 or the termination of the Letter of Intent as agreed by the parties thereto, whichever is earlier, repay the Refundable Deposit, together with the relevant interest accrued thereon, to the Company.

Save for those terms in relation to the Refundable Deposit, the First Pledge and the Second Pledge, confidentiality and the aforesaid sole and exclusive right of negotiation, the Letter of Intent is not legally binding on the parties thereto.

POSSIBLE ACQUISITION

The Group is principally engaged in (i) property development in the PRC; (ii) property investment in the PRC; and (iii) trading business in relation to the distribution of electronic components and mobile phone modules. The Group disposed of its entire interest in a property project named 中珠•上城(Zhongzhu Uptown) in June 2013 (please refer to the Company's announcements dated 15 May 2013 and 28 June 2013 and circular dated 31 May 2013 (the "**Disposal Circular**") for further details). As set out in the Disposal Circular, the Group intends to continue the property development business segment. Based on the preliminary information currently available to the Group, the Board considers that it is suitable to further assess the business potential and negotiate with the Potential Vendor and Party A with respect to the Possible Acquisition which involves the property development project relating to the Land in Maoming, Guangdong Province, the PRC as mentioned above, and to enter into the Letter of Intent, pursuant to which the Group has been granted the sole and exclusive right in relation to the Possible Acquisition up to and including 31 December 2013.

As at the date of this announcement, other than the Letter of Intent, no other agreement with respect to the Possible Acquisition has been entered into between the Group, the Potential Vendor and Party A. Based on the preliminary information, if formal agreement is entered into by the parties to the Letter of Intent and (as the case may be) Party A's Company, the Target Company will become a non-wholly owned subsidiary of the Company and the Possible Acquisition (which may or may not proceed), if proceeds, may constitute a notifiable transaction under Chapter 14 of the Listing Rules. If there is any further material development on the Possible Acquisition, timely action will be taken by the Company to comply with the disclosure and approval requirements under the Listing Rules, if appropriate.

The Letter of Intent is non-legally binding (save for those terms in relation to the Refundable Deposit, the First Pledge and the Second Pledge, confidentiality and the aforesaid sole and exclusive right of negotiation) and is subject to, among others, the execution of a formal agreement and any precedent conditions therein. Therefore, the Possible Acquisition may or may not proceed. Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

DISCLOSURE PURSUANT TO RULES 13.13 AND 13.15 OF THE LISTING RULES

The Refundable Deposit to be paid to the Potential Vendor exceeds 8% of the Company's latest published total assets in the amount of approximately RMB930.80 million as at 30 June 2013. The Company is under a general disclosure obligation under Rule 13.13 of the Listing Rules to disclose the details of the Refundable Deposit under Rule 13.15 of the Listing Rules.

Most of the relevant details have been disclosed above and is summarised below:

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| Potential Vendor: | Zhanjiang Huada Trading Co. Limited* (湛江市華大貿易有限公司). To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, each of the Potential Vendor and its associates is a third party independent of the Company and its connected persons (as defined under the Listing Rules) |
| Refundable Deposit: | RMB140 million |
| Approximate percentage to the published unaudited total assets of the Company as at 30 June 2013: | 15.04% |
| Nature of transaction: | Refundable deposit advanced to the Potential Vendor for the sole and exclusive right to negotiate with the Potential Vendor or, as the case may be, Party A or Party A's Company relating to the Possible Acquisition |
| Interest rate: | Interest will be charged if no formal agreement is entered into between the Group and the Potential Vendor (or the Party A's Company, as the case maybe) at the benchmark interest rate of 6.6% per annum (being the interest rate of short-term loan (6 months) announced by the People's Bank of China as at the date of the Letter of Intent plus 1%) |

Repayment terms: (If formal agreement in relation to the Possible Acquisition is not entered into between the Group and the Potential Vendor (or the Party A's Company, as the case may be)) on or before 31 December 2013, or within 15 business days upon termination of the Letter of Intent, whichever is earlier; or

(if the Potential Vendor fails to complete the necessary and required registrations relating to the First Pledge on or before the Deadline for the First Pledge) within 15 business days after the Deadline for the First Pledge; or

(where applicable, if Party A or Party A's Company fail to complete the necessary and required registrations relating to the Second Pledge on or before the Deadline for the Second Pledge) within 15 business days after the Deadline for the Second Pledge

Collateral: Target Equity Interests (being 90% equity interest in the Target Company, which is principally engaged in property development)

* *for identification purposes only*

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

Hong Kong, 27 August 2013

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