中國上城
CHINA UPTOWN

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 2014

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 2014.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2014

		Six months ended 30 June	
	Notes	**2014** *RMB'000* **(unaudited)**	2013 *RMB'000* (unaudited)
Continuing operations			
Turnover	*3*	**2,556**	580,481
Cost of sales		**(601)**	(355,663)
Gross profit		**1,955**	224,818
Other operating income		**2,260**	4,978
Selling and distribution costs		**–**	(5,280)
Administrative expenses		**(11,060)**	(10,269)
Change in fair value of investment properties		**–**	4,000
Change in fair value of convertible bonds		**–**	(12,610)
Gain on extinguishment of consideration payable		**–**	2,364
Gain on disposal of subsidiaries	*11*	**–**	92,855
Finance costs		**(71)**	(4,633)
(Loss) profit before tax		**(6,916)**	296,223
Income tax expense	*4*	**(303)**	(113,024)
(Loss) profit for the period from continuing operations	*5*	**(7,219)**	183,199

	Notes	Six months ended 30 June **2014** ***RMB'000*** **(unaudited)**	 2013 *RMB'000* (unaudited)
Discontinued operation			
Profit for the period from discontinued operation	*6*	**–**	24,242
(Loss) profit for the period		**(7,219)**	207,441
(Loss) profit for the period attributable to owners of the Company:			
– from continuing operations		**(6,753)**	157,726
– from discontinued operation		**–**	24,242
		(6,753)	181,968
(Loss) profit for the period attributable to non-controlling interests:			
– from continuing operations		**(466)**	25,473
– from discontinued operation		**–**	–
		(466)	25,473
		(7,219)	207,441
(Loss) earnings per share	*8*		
From continuing and discontinued operations			
Basic		**RMB(0.72) cents**	RMB19.33 cents
Diluted		**RMB(0.72) cents**	RMB13.62 cents
From continuing operations			
Basic		**RMB(0.72) cents**	RMB16.75 cents
Diluted		**RMB(0.72) cents**	RMB11.80 cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(Loss) profit for the period	**(7,219)**	207,441
Other comprehensive income (expense):		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations	**475**	4,854
Reclassification of cumulative translation reserve upon disposal of subsidiaries to profit or loss	**–**	(33,218)
Other comprehensive income (expense) for the period	**475**	(28,364)
Total comprehensive (expense) income for the period	**(6,744)**	179,077
Total comprehensive (expense) income for the period attributable to:		
Owners of the Company	**(6,278)**	153,604
Non-controlling interests	**(466)**	25,473
	(6,744)	179,077

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	**30 June 2014 RMB'000 (unaudited)**	31 December 2013 RMB'000 (audited)
Non-current assets			
Property, plant and equipment		**28,506**	28,435
Investment properties		**179,800**	179,800
Prepaid lease payments		**225**	228
Available-for-sale investments		**–**	–
		208,531	208,463
Current assets			
Inventories		**–**	–
Trade and other receivables	9	**936**	4,198
Refundable deposit paid for a possible acquisition		**140,000**	140,000
Prepaid lease payments		**6**	6
Held-to-maturity investments		**–**	–
Held-for-trading investments		**57**	63
Income tax recoverable		**178**	178
Short-term bank deposits with original maturity more than three months		**164,467**	–
Bank balances and cash		**10,477**	179,013
		316,121	323,458
Current liabilities			
Trade and other payables	10	**6,522**	9,088
Secured bank borrowings		**9,038**	7,018
		15,560	16,106
Net current assets		**300,561**	307,352
Total assets less current liabilities		**509,092**	515,815
Capital and reserves			
Ordinary share capital		**88,424**	88,424
Convertible redeemable preference shares		**152,006**	152,006
Reserves		**254,431**	260,709
Equity attributable to owners of the Company		**494,861**	501,139
Non-controlling interests		**(4,794)**	(4,328)
Total equity		**490,067**	496,811
Non-current liability			
Deferred taxation		**19,025**	19,004
		509,092	515,815

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("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 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 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following new Interpretation ("Int") and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the above new Interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

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. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Technology segment was discontinued in the prior period (details are set out in note 6). Accordingly, the Group's reportable and operating segments under HKFRS 8 from continuing operations are as follows:

Property development	–	Development of properties in the PRC.
Property investment	–	Rental income arising from investment properties situated in the PRC.
Trading	–	Trading of electronic components, mobile phone modules and automation products.

Segment revenues and results

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

Continuing operations

	Property development		Property investment		Trading		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Turnover	**–**	542,138	**2,556**	4,777	**–**	33,566	**2,556**	580,481
Segment profit (loss)	**–**	308,860	**1,542**	8,146	**(837)**	(815)	**705**	316,191
Change in fair value of convertible bonds							**–**	(12,610)
Change in fair value of held-for-trading investments							**(6)**	(7)
Gain on extinguishment of consideration payable							**–**	2,364
Interest income							**1,189**	426
Unallocated corporate expenses							**(8,733)**	(5,508)
Finance costs							**(71)**	(4,633)
(Loss) profit before tax from continuing operations							**(6,916)**	296,223

Segment (loss) profit represents the (loss) profit of each segment without allocation of change in fair value of convertible bonds, change in fair value of held-for-trading investments, gain on extinguishment of consideration payable, 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 Company) of the Group for the purposes of resource allocation and performance assessment.

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Continuing operations		
Hong Kong Profits Tax	**–**	51
PRC Enterprise Income Tax		
Current period	**107**	59,760
Over-provision in prior years	**–**	(1,070)
	107	58,690
PRC Land Appreciation Tax ("LAT") *(note c)*	**–**	53,966
	107	112,707
Deferred taxation	**196**	317
	303	113,024

Notes:

(a) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2014 and 2013.

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2014 as the Group did not have any assessable profit derived from Hong Kong.

(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 PRC 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.

5. (LOSS) PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(Loss) profit for the period for continuing operations have been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	**3**	3
Change in fair value of held-for-trading investments (included in administrative expenses)	**6**	7
Cost of inventories recognised as expenses (included in cost of sales)	**–**	350,570
Depreciation of property, plant and equipment	**423**	842
Exchange loss, net	**23**	159
Gain on disposal of property, plant and equipment	**–**	(78)
Impairment loss recognised in respect of trade receivables (included in administrative expenses)	**1,777**	–
Interest income	**(1,189)**	(426)
Reversal of impairment loss recognised in respect of inventories (included in cost of sales)	**–**	(4,462)
Reversal of impairment loss recognised in respect of trade receivables (included in other operating income)	**(1,071)**	–

6. PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATION

On 30 April 2013, the Company disposed of its 100% interest in Realtop Limited ("Realtop") and a subsidiary of Realtop (collectively referred to as the "Realtop Group") and non-interest bearing shareholder's loan at a consideration of HK$230,000 (equivalent to approximately RMB183,000) to an independent third party not connected to the Group. Upon completion, the Company ceased to hold any interest in Realtop Group. As the Realtop Group carried out all of the Group's technology operation, this business segment was presented as discontinued operation.

The profit for the period from discontinued operation was analysed as follows:

	Period from 1 January 2013 to 30 April 2013 *RMB'000* (unaudited)
Gain on disposal of technology operation	24,242

The results of the technology operation for the period from 1 January 2013 to 30 April 2013 did not have any effect on the condensed consolidated statement of profit or loss.

Net cash (outflows) inflows on discontinued technology operation are as follows:

	Period from 1 January 2013 to 30 April 2013 *RMB'000* (unaudited)
Operating activities	141
Financing activities	(836)
Net cash flows	(695)

7. DIVIDEND

No dividend was 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 2014 (six months ended 30 June 2013: nil).

8. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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:

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(Loss) earnings		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share for the period attributable to the owners of the Company	**(6,753)**	181,968

	2014	2013
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**941,454**	941,454
Effect of dilutive potential ordinary shares:		
Share options issued by the Company *(note a)*	**–**	–
Conversion of convertible bonds *(note b)*	**–**	–
Conversion of convertible redeemable preference shares *(note c)*	**–**	394,737
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**941,454**	1,336,191

From continuing operations

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

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(Loss) earnings		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share for the period attributable to the owners of the Company	**(6,753)**	157,726

From discontinued operation

Basic earnings per share from discontinued operation is RMB2.58 cents per share for the six months period ended 2013 (2014: nil) and diluted earnings per share from discontinued operation is RMB1.82 cents per share for the six months period ended 2013 (2014: nil), based on the profit for period from discontinued operation of RMB24,242,000 for the six months period ended 2013 (2014: nil) and the denominators detailed above for both basic and diluted earnings per share.

Notes:

(a) The computation of diluted (loss) earnings 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 2014 and 2013.

(b) The computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible bonds as the conversion price of these convertible bonds was higher than the average market price of the Company's shares for the six months ended 30 June 2013. No convertible bond was outstanding as at 30 June 2014.

(c) The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible redeemable preference shares as the potential ordinary shares are anti-dilutive when the conversion to ordinary shares would decrease loss per share.

9. TRADE AND OTHER RECEIVABLES

	30 June	31 December
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**5,263**	9,972
Less: impairment loss recognised	**(5,263)**	(7,292)
	–	2,680
Prepayment, deposits and other receivables	**1,450**	2,022
Less: impairment loss recognised	**(514)**	(504)
	936	1,518
	936	4,198

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. The Group does not hold any collateral over these balances.

The following is an aged analysis of the trade receivables net of impairment loss recognised presented based on invoice date, which approximated the revenue recognition date.

	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 60 days	**–**	105
91 to 365 days	**–**	2,575
	–	2,680

10. TRADE AND OTHER PAYABLES

	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables	**3,887**	5,614
Accrued expenses and other payables	**2,635**	3,474
	6,522	9,088

Notes:

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

(ii) The following is an aged analysis of the trade payables presented based on invoice date.

	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
91 to 365 days	**–**	5,614
Over 365 days	**3,887**	–
	3,887	5,614

11. DISPOSAL OF SUBSIDIARIES

For the six months ended 2013, the Group disposed of the entire equity interest in Boom Lotus Holdings Limited (together with its subsidiaries collectively referred to the "Boom Lotus Group") on 28 June 2013 (details are set out in note a) and the entire equity interest in Realtop Group on 30 April 2013 (details are set out in note b) (the Group excluding the Boom Lotus Group and Realtop Group hereinafter referred to as the "Retained Group").

(a) On 28 June 2013, the Group entered into a sale agreement to dispose of its 100% equity interest in Boom Lotus Group at a consideration of RMB560,000,000.

The turnover of the Boom Lotus Group for the period ended 28 June 2013 was approximately RMB542,138,000. The net profit of the Boom Lotus Group attributable to the Group for the period ended 28 June 2013 was approximately RMB104,706,000.

Upon the completion, the Company ceased to hold any interest in the Boom Lotus Group. The net assets of Boom Lotus Group at the date of disposal were as follows:

	As at 28 June 2013 *RMB'000*
Analysis of assets and liabilities over which control was lost:	
Non-current assets	
Property, plant and equipment	452
Property held for sale	431,949
Deferred tax assets	4,194
Current assets	
Trade and other receivables	1,119
Bank balances and cash	394,586
Refundable deposit paid for a possible acquisition	150,000
Current liabilities	
Trade and other payables	(264,591)
Amounts due to the Retained Group	(65,899)
Income tax liabilities	(193,169)
Net assets disposed of	458,641
Gain on disposal of subsidiaries	
Cash consideration	560,000
Transaction costs	(1,195)
Net assets disposed of	(458,641)
Goodwill	(184,231)
Non-controlling interests	89,694
Shareholder's loan assigned	(70,857)
Refundable deposit paid for a possible acquisition assigned	150,000
Cumulative exchange difference in respect of the net assets of subsidiaries reclassified from equity to profit or loss	8,085
Gain on disposal of Boom Lotus Group	92,855
Net cash outflow on disposal of subsidiaries	
Consideration received in cash and cash equivalents *(note)*	210,000
Less: bank balances and cash disposed of	(394,586)
	(184,586)

Note: As at 30 June 2013, consideration of RMB350,000,000 being the undue the third and fourth installments had not been received. The installments were received during the second half of the year ended 31 December 2013.

(b) On 30 April 2013, the Group discontinued its technology operation segment upon the disposal of its 100% interest in Realtop Group at a consideration of HK$230,000 (equivalent to approximately RMB183,000). Upon completion, the Company ceased to hold any interest in Realtop Group. The net liabilities of Realtop Group at the date of disposal were as follows:

	As at 30 April 2013 *RMB'000*
Analysis of assets and liabilities over which control was lost:	
Non-current assets	
Property, plant and equipment	88
Held-to-maturity investments (net of impairment)	–
Deferred tax assets	1,947
Current assets	
Trade and other receivables (net of impairment)	568
Bank balances and cash	308
Current liabilities	
Trade and other payables	(1,680)
Amounts due to the Retained Group	(75,038)
Net liabilities disposed of	(73,807)
Gain on disposal of subsidiaries	
Cash consideration	183
Net liabilities disposed of	73,807
Shareholder's loan assigned	(74,881)
Cumulative exchange difference in respect of the net assets of subsidiaries reclassified from equity to profit or loss	25,133
Gain on disposal of Realtop Group	24,242

The gain on disposal of Realtop Group is included in the profit for the period from discontinued operation as disclosed in note 6.

Net cash outflow on disposal of subsidiaries

Consideration received in cash and cash equivalents	183
Less: bank balances and cash disposed of	(308)
	(125)

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Property Development

Reference is made to the announcement of the Company dated 15 May 2013 and 28 June 2013 and the circular of the Company dated 31 May 2013, the Group disposed of its sole property development project in Zhuhai, the PRC in 2013 (the "Disposal").

During the period, the Group has been actively exploring other property development opportunities in the PRC. Reference is made to the announcement of the Company dated 25 February 2014 and the circular of the Company dated 19 May 2014, the Company has entered into a sales and purchase agreement to acquire 100% equity interest of a PRC company which owned 90% equity interest of another PRC company engaged in property development business in Maoming City, Guangdong Province, the PRC (the "Acquisition"). As at the date of this announcement, the Acquisition has not been completed.

Subsequent to the Disposal, the Company has not carried out any business in the property development segment. For the six months ended 30 June 2014, no revenue attributed to the property development was recorded (2013: RMB542,138,000).

Property Investment

Property investment business represents rental income and capital appreciation from investment properties held in the PRC. During the six months ended 30 June 2014, rental income amounted to approximately RMB2,556,000 (2013: RMB4,777,000). There was no change in fair value of investment properties (2013: gain of RMB4,000,000). At 30 June 2014, the investment properties represent the research and development centre in Shenzhen, the PRC with gross floor area of approximately 15,084 square metres.

Trading

The Group's trading business represents distribution of electronic related components, mobile phone modules and imported automation products. Due to the worsen market environment of mobile phone in the PRC, the risk of trading relevant electronic components increased substantially. As a result, the Group has taken extra caution in this business and will engage in it only if the profit margin can be improved and risk can be reduced. During the six months ended 30 June 2014, no revenue attributable to the trading business was recorded (2013: RMB33,566,000). The Group is taking 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 other products, including raw sugar and other agricultural products and natural resources.

MARKET OUTLOOK AND PROSPECTS

The management expected that the current property market measures in the PRC will gradually be relaxed though the property market in the PRC will remain challenging. However, the management believes the particular strong cash position and low gearing ratio of the Group will increase our competitive advantage in this business.

Regarding the potential property development project in Maoming, the Western Guangdong Express Rail Link* (廣東西部沿海高速鐵路) will directly connect Maoming with Shenzhen, Guangzhou and Zhanjiang which will be completed in 2017. Furthermore, in accordance with the Twelfth Five Year Plan of the Development of the Integrated Transportation System in Guangdong Province* (廣東省綜合運輸體系發展"十二五"規劃) published by the PRC government, the construction of Western Guangdong Province Airport* (粵西國際機場) will be commenced in the current year and expected to be completed by 2017. Upon the completion of the the railway and the new airport, the economy in the western region of Guangdong Province will be further boosted. The management is optimistic on the property market in the region.

MATERIAL ACQUISITION

Reference is made to the announcement of the Company dated 25 February 2014 and the circular of the Company dated 19 May 2014, the Company has entered into a sales and purchase agreement of the Acquisition. As at the date of this announcement, the Acquisition has not been completed.

FINANCIAL REVIEW

For the six months ended 30 June 2014, the Group's turnover is approximately RMB2,556,000 (2013: RMB580,481,000). The loss attributable to owners of the Company was approximately RMB6,753,000 (2013: profit of RMB181,968,000). The decreases in the turnover and profit are mainly due to the Disposal.

For the first half of 2014, the Group's operating activities generated a net cash outflow of approximately RMB7,476,000 (2013: inflow of RMB206,362,000). At 30 June 2014, the total amount of bank balances and cash, including short-term bank deposits with original maturity more than three months, was approximately RMB174,944,000 (31 December 2013: RMB179,013,000).

At 30 June 2014, the total assets of the Group was approximately RMB524,652,000 (31 December 2013: RMB531,921,000). At 30 June 2014, the gearing ratio, expressed as a percentage of total borrowings over net assets was 1.8% (31 December 2013: 1.4%). The current ratio was 20 (31 December 2013: 20).

CAPITAL STRUCTURE

The issued ordinary share capital of the Company at 30 June 2014 and 31 December 2013 was approximately HK$94,145,000 divided into 941,453,683 shares of HK$0.10 each. At 30 June 2014 and 31 December 2013, the issued convertible redeemable preference shares was HK$27,500,000 divided into 275,000,000 shares of HK$0.10 each and the convertible redeemable preference A shares was HK$10,000,000 divided into 100,000,000 shares of HK$0.10 each.

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 considers the use of hedging instruments when the need arises.

CHARGE ON ASSETS

At 30 June 2014, certain of the Group's leasehold land and buildings with an aggregate net carrying values of approximately RMB16,745,000 (31 December 2013: RMB16,471,000) were pledged to banks for securing revolving loans, general banking facilities and mortgage loan granted to certain subsidiaries of the Company. At 30 June 2014, facilities amounts of approximately RMB9,038,000 (31 December 2013: RMB7,018,000) were utilised and approximately RMB5,628,000 (31 December 2013: RMB4,688,000) were unutilised and available for the Group's future financing.

CAPITAL COMMITMENTS

	30 June 2014 *RMB'000* **(unaudited)**	31 December 2013 *RMB'000* (audited)
Capital expenditure in respect of the acquisition of subsidiaries contracted for but not provided in the condensed consolidated financial statements	**160,000**	–

Pursuant to the acquisition agreement dated 25 February 2014, the Group has entered into with Mr. Huang Shibao (the "Vendor"), an independent third party not connected to the Group for the acquisition ("Acquisition") of the entire equity interest in 深圳市隆盛行供應鏈有限公司 (Shenzhen Longshenghang) (the "Target Company"), which holds 90% equity interest in 茂名華大房地產有限公司 ("Maoming Huada"), at an aggregate consideration of RMB300,000,000, settled by cash consideration. Details are set out in the Company's announcement dated 25 February 2014 and circular dated 19 May 2014.

The Acquisition is not yet completed up to the date of this announcement.

EMPLOYEE AND REMUNERATION POLICIES

At 30 June 2014, the Group employed 17 full time employees (31 December 2013: 16) 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

On 31 January 2013, an indirectly wholly-owned subsidiary, 德維森實業(深圳)有限公司 received a writ of summons from 廣東國暉律師事務所 in relation to the full payment of a legal fee of RMB18,000,000 for the professional services rendered for the investigation of an investment in the Kinghing Trust & Investment Co., Ltd.

The Company decided to defend against 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 Group.

INTERIM DIVIDEND

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2014.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions ("Code Provisions") set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Listing Rules.

Throughout the period under review, the Company has fully complied with the Code Provisions of the CG Code.

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 they have complied with the required standard as set out in the Model Code during the period under review.

AUDIT COMMITTEE

The Company established an audit committee ("Audit Committee") with written terms of reference in compliance with the CG 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 of the Company. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2014 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 director of the Company as follows:

Mr. Ng Kwok Chu, Winfield ("Mr. Ng") has resigned (i) as an executive director, an authorised representative and a member of the senior management committee of China Netcom Technology Holdings Limited (Stock Code: 8071) on 26 May 2014; and (ii) as an executive director of Sino Prosper (Group) Holdings Limited (Stock Code: 766) on 26 May 2014.

GEM Listing Committee of the Stock Exchange ("Committee") has made a public statement which involves criticisms on Mr. Ng, as a former independent non-executive director of Long Success International (Holdings) Limited (Stock Code: 8017), a company listed on the Growth Enterprise Market of the Stock Exchange ("GEM") for his breaches of obligations under (i) the Rules Governing the Listing of Securities on the GEM ("GEM Listing Rules"); and (ii) the Director's Declaration and Undertaking with regard to directors given to the Stock Exchange in the Appendix 6-A to the GEM Listing Rules. Details relating to the public statement please refer to the news release made by the Stock Exchange dated 18 August 2014.

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, 26 August 2014

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.