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China Uptown Group Company Limited

中國上城集團有限公司

(a company incorporated in the Cayman Islands with limited liability)

(Stock code: 2330)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board (the “Board”) of directors (the “Directors”) of China Uptown Group Company Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim financial results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2015.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited and restated)
Continuing operations			
Turnover	3	7,704	–
Cost of sales		(7,497)	–
Gross profit		207	–
Other operating income		419	1,076
Selling and distribution costs		(5,971)	–
Administrative expenses		(11,239)	(9,637)
Finance costs		(119)	(71)
Loss before tax		(16,703)	(8,632)
Income tax expense	4	(1)	(3)
Loss for the period from continuing operations		(16,704)	(8,635)

Six months ended 30 June

	<i>Notes</i>	2015 RMB'000 (unaudited)	2014 <i>RMB'000</i> (unaudited and restated)
Discontinued operation			
Profit for the period from discontinued operation	5	—	1,416
Loss for the period	6	(16,704)	(7,219)
(Loss) profit for the period attributable to owners of the Company:			
– from continuing operations		(15,685)	(8,169)
– from discontinued operation		—	1,416
		(15,685)	(6,753)
Loss for the period attributable to non-controlling interests:			
– from continuing operations		(1,019)	(466)
– from discontinued operation		—	—
		(1,019)	(466)
		(16,704)	(7,219)
Loss per share	8		
From continuing and discontinued operations			
Basic		RMB(1.67) cents	RMB(0.72) cents
Diluted		RMB(1.67) cents	RMB(0.72) cents
From continuing operations			
Basic		RMB(1.67) cents	RMB(0.87) cents
Diluted		RMB(1.67) cents	RMB(0.87) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

Six months ended 30 June

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)

Loss for the period	<u>(16,704)</u>	<u>(7,219)</u>
Other comprehensive (expense) income:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations	<u>(3,935)</u>	475
Other comprehensive (expense) income for the period	<u>(3,935)</u>	475
Total comprehensive expense for the period	<u>(20,639)</u>	<u>(6,744)</u>
Total comprehensive expense for the period attributable to:		
Owners of the Company	<u>(19,620)</u>	(6,278)
Non-controlling interests	<u>(1,019)</u>	(466)
	<u>(20,639)</u>	<u>(6,744)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	<i>Notes</i>	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Non-current assets			
Property, plant and equipment		18,558	17,277
Available-for-sale investments		—	—
		<u>18,558</u>	<u>17,277</u>
Current assets			
Inventories		—	—
Properties under development		1,275,280	1,065,571
Trade, bills and other receivables	9	52,921	22,667
Held-for-trading investments		84	50
Income tax recoverable		13,224	3,294
Restricted bank deposit		7,652	7,652
Bank balances and cash		221,260	231,700
		<u>1,570,421</u>	<u>1,330,934</u>
Current liabilities			
Trade and other payables	10	362,218	64,227
Consideration payable		49,949	50,000
Dividend payables		—	34,154
Secured bank borrowings		369,396	252,415
Bank overdraft		640	—
		<u>782,203</u>	<u>400,796</u>
Net current assets		<u>788,218</u>	<u>930,138</u>
Total assets less current liabilities		<u><u>806,776</u></u>	<u><u>947,415</u></u>

	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Capital and reserves		
Ordinary share capital	88,424	88,424
Convertible redeemable preference shares	152,006	152,006
Reserves	225,336	244,956
	<hr/>	<hr/>
Equity attributable to owners of the Company	465,766	485,386
Non-controlling interests	23,475	24,494
	<hr/>	<hr/>
Total equity	489,241	509,880
	<hr/>	<hr/>
Non-current liabilities		
Secured bank borrowings	240,000	360,000
Deferred taxation	77,535	77,535
	<hr/>	<hr/>
	317,535	437,535
	<hr/>	<hr/>
	806,776	947,415
	<hr/> <hr/>	<hr/> <hr/>

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 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 2015 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, the following new 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 HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The application of the above new 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.

Property investment segment was discontinued during the year ended 31 December 2014 (details are set out in note 5). The segment information reported in the below does not include any amounts for this discontinued operation.

Accordingly, the Group’s reportable and operating segments under HKFRS 8 are as follows:

Property development	–	Development of properties in the PRC.
Trading of electronic products	–	Trading of electronic components, mobile phone modules and automation products.
Trading of raw sugar	–	Trading of raw sugar.

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		Trading of electronic products		Trading of raw sugar		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited and restated)
Turnover	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,704</u>	<u>-</u>	<u>7,704</u>	<u>-</u>
Segment (loss) profit	<u>(10,259)</u>	<u>-</u>	<u>(115)</u>	<u>(837)</u>	<u>171</u>	<u>-</u>	<u>(10,203)</u>	<u>(837)</u>
Change in fair value of held-for-trading investments							34	(6)
Bank interest income							385	5
Unallocated corporate expenses							(6,800)	(7,723)
Finance costs							<u>(119)</u>	<u>(71)</u>
Loss before tax from continuing operations							<u>(16,703)</u>	<u>(8,632)</u>

Segment loss represents the loss of each segment without allocation of change in fair value of held-for-trading investments, bank interest income, unallocated corporate expenses (i.e. central administration costs and directors' emoluments) and finance costs. This is the measure reported to the chief operating decision makers (i.e. board of directors) of the Group for the purposes of resource allocation and performance assessment.

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
Current tax:		
PRC Enterprise Income Tax		
Under-provision in prior year	<u>1</u>	<u>-</u>
	<u>1</u>	<u>-</u>
Deferred taxation	<u>-</u>	<u>3</u>
	<u>1</u>	<u>3</u>

- (a) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2015 and 2014.

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2015 and 2014 as the Group did not has 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.

5. DISCONTINUED OPERATION

On 10 November 2014, the Group entered into a sale agreement to dispose of its entire equity interest in Usualink Development Limited ("Usualink") and a subsidiary of Usualink (collectively referred to as "Usualink Group"), which carried out all of the Group's property investment operation, to an independent third party. The disposal was effected in order to generate cash flows for the expansion of the Group's other businesses. The disposal was completed on 17 December 2014, on which date control of Usualink passed to the acquirer.

The comparative figures in the condensed consolidated statement of profit or loss have been restated to represent the property investment operation as a discontinued operation.

The results of the property investment operation for the six months ended 30 June 2014 were as follows:

	Six months ended 30 June 2014 RMB'000 (unaudited)
Turnover	2,556
Cost of sales	(601)
	<hr/>
Gross profit	1,955
Other operating income	1,184
Administrative expenses	(1,423)
	<hr/>
Profit before tax	1,716
Income tax expense	(300)
	<hr/>
Profit for the period	<u>1,416</u>

Profit for the period from discontinued operation included the following:

	Six months ended 30 June 2014 RMB'000 (unaudited)
Amortisation of prepaid lease payments	3
Depreciation of property, plant and equipment	221
Interest income	(1,184)
	<hr/> <hr/>

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

	Six months ended 30 June 2014 <i>RMB'000</i> (unaudited)
Operating activities	827
Investing activities	<u>(163,283)</u>
	<u><u>(162,456)</u></u>

6. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited and restated)
Loss for the period from continuing operations has been arrived at after charging (crediting):		
Change in fair value of held-for-trading investments (included in other operating income/administrative expenses)	(34)	6
Depreciation of property, plant and equipment	294	202
Exchange loss, net	10	23
Impairment loss recognised in respect of trade receivables (included in administrative expenses)	–	1,777
Bank interest income	(385)	(5)
Reversal of impairment loss recognised in respect of trade receivables (included in other operating income)	–	(1,071)
	<u><u>–</u></u>	<u><u>(1,071)</u></u>

7. DIVIDEND

During the six months ended 30 June 2015, preference shares dividend amounted to HK\$42,620,000 (equivalent to approximately RMB34,222,000) (2014: nil) was paid.

No dividend was declared or proposed during the interim period. The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: nil).

8. LOSS PER SHARE

From continuing and discontinued operations

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

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss		
Loss for the purpose of basic and diluted loss per share for the period attributable to the owners of the Company	(15,685)	(6,753)
	2015	2014
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	941,454	941,454
Effect of dilutive potential ordinary shares:		
Share options issued by the Company (<i>Note</i>)	-	-
Conversion of convertible redeemable preference shares	394,737	394,737
Weighted average number of ordinary shares for the purpose of diluted loss per share	1,336,191	1,336,191

Note:

The computation of diluted loss per share for the six months ended 30 June 2014 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. The computation of diluted loss per share for the six months ended 30 June 2015 does not include the effect of share option as no share options were outstanding as at 30 June 2015.

From continuing operations

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

Loss figures are calculated as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited and restated)
Loss		
Loss for the period attributable to the owners of the Company	(15,685)	(6,753)
Less: profit for the period from discontinued operation	-	(1,416)
Loss for the purpose of basic and diluted loss per share for the period attributable to the owners of the Company	(15,685)	(8,169)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

Diluted loss per share was the same as the basic loss per share for the six months ended 30 June 2015 and 2014, as the effect of the Company's outstanding convertible redeemable preference shares would result in a decrease in loss per share for the six months ended 30 June 2015 and 2014.

From discontinued operation

Basic earnings per share from discontinued operation for the six months ended 30 June 2014 was RMB0.15 cents per share (2015: nil) and diluted earnings per share from discontinued operation for the six months ended 30 June 2014 was RMB0.11 cents per share (2015: nil), based on the profit for the period from discontinued operation of RMB1,416,000 (2015: nil) and the denominators detailed above for both basic and diluted earnings per share.

9. TRADE, BILLS AND OTHER RECEIVABLES

	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Trade receivables	10,717	8,307
Less: impairment loss recognised	<u>(6,365)</u>	<u>(6,371)</u>
	4,352	1,936
Bill receivables	<u>–</u>	<u>9,271</u>
	<u>4,352</u>	<u>11,207</u>
Prepayments, deposits and other receivables (<i>Note</i>)	48,959	11,850
Less: impairment loss recognised	<u>(390)</u>	<u>(390)</u>
	<u>48,569</u>	<u>11,460</u>
	<u>52,921</u>	<u>22,667</u>

Note :

Included in the balance was an aggregate amount of approximately RMB20,027,000 (31 December 2014: RMB501,000) advance to constructors and an aggregate amount of approximately RMB14,300,000 (31 December 2014: RMB4,723,000) prepaid other taxes in relation to property development project.

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.

The Group does not hold any collateral over these balances.

The following is an aged analysis of the trade and bills receivables net of impairment loss recognised presented based on invoice date at the end of the reporting period, which approximated the respective revenue recognition date.

	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Within 60 days	4,352	11,207

10. TRADE AND OTHER PAYABLES

	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Trade payables	48,558	13,569
Receipts in advance (<i>Note iii</i>)	296,263	44,449
Accrued expenses and other payables (<i>Note iv</i>)	17,397	6,209
	362,218	64,227

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 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Within 90 days	46,072	10,987
91 to 365 days	5	5
Over 365 days	2,481	2,577
	48,558	13,569

- (iii) Receipts in advance represented sales proceeds received from buyers in connection with the Group's pre-sale of properties as at the end of the reporting period and deposit received from a customer for trading of electronic products.
- (iv) Included in the balance was an amount of approximately RMB6,244,000 (31 December 2014: nil) advance from a related company of the Company, China Sugar Holdings Limited, which is directly wholly-owned by Mr. Liu Zhongxiang, the son of Mr. Liu Feng, who is the chairman and executive director of the Company. The amount is unsecured, non-interest bearing and repayable on demand.

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 owned a property development project located in Maoming City (the “Project”), Guangdong Province. The Project will be developed into a composite of residential and commercial properties.

During the period under review, the Maoming property development project is still in construction and pre-sale stage, no revenue attributed to the property development segment was recorded (2014: nil). Phase 1 and 2 of the Project are scheduled to be completed in 2016 and 2017 with total gross floor area of approximately 173,000 square metre. It consists of ten buildings of 28 to 32 floors. The pre-sale has begun since November 2014. As at 30 June 2015, residential properties of approximately 78,000 square metre were contracted for sales which represented 55% the gross floor area of residential properties to be developed under Phase 1 and 2 of the Project. The pre-sale of commercial properties of Phase 1 and 2 of the Project is planned to be launched in second half of 2015 which consist of approximately 31,000 square metre.

The construction of Phase 3 of the Project is scheduled to commence in late 2015 and will be completed in 2019. The total gross floor area of Phase 3 of the Project is approximately 127,000 square metre which mainly being residential properties consist of nine buildings of 32 floors each.

Trading

Raw Sugar

The Group has started its business in trading of raw sugar since late 2014. During the period under review, it has engaged in trading businesses to procure raw sugars from overseas suppliers and distribute to the customers in the PRC. During the period, turnover attributed to the trading of raw sugar segment amounted to approximately RMB7,704,000 (2014: nil).

Electronic Components

Trading of electronic component includes the distribution of electronic related components, mobile phone modules and imported automation products. Amid the weak non-brand mobile phone market in the PRC, no trading business of electronic components was engaged during the year. During the period under review, no turnover was attributed to the segment (2014: nil). The Group is taking various measures to diversify the product range and will engage in the business as appropriate when the relevant risks can be mitigated.

MARKET OUTLOOK AND PROSPECTS

In the first half 2015, the global economy remained complicated and fast changing. During the period, China's GDP continued to increase but at a slower rate while capital investment and domestic consumption remained below expectations.

It is perceived that the Chinese government will continue with loose monetary policy and focus on directing liquidity to the economy so as to generate more momentum to the economic growth. Various fiscal and monetary policies are also expected in the second half of 2015 to ease the tension in the recent stock market in China.

Despite the recent unsatisfactory performance of China's stock market, the management is expected that the property market, especially the residential property market in second and third tier cities, will remain stable. The possible further easing of the property market policies will also be a major drive of the market in the second half 2015 and 2016.

Since the more than half of residential properties in Phase 1 and 2 of the Project has been contracted for sales, the relevant sales pressure of the Project in the second half of 2015 is considerably low. The construction of Phase 3 of the Project is planned to commence in late 2015 while the pre-sales to commence in 2017.

While cautions investment policies will be imposed in view of the frustrating economic conditions in China, as the continuous urbanisation in the PRC and completion of the Western Guangdong Express Rail Link and Western Guangdong Province Airport in next few years in the region, the management is optimistic on the performance of the Project.

Regarding the trading business, in the second half of 2015 the Group has planned to further diversify its business, including the trading of raw sugar. The Group will continuously negotiate with the PRC customers, market intermediates and global raw sugar suppliers with a view to expand its trading volume in the coming years.

FINANCIAL REVIEW

For the six months ended 30 June 2015, the Group's turnover is approximately RMB7,704,000 (2014: nil). The loss attributable to owners of the Company was approximately RMB15,685,000 (2014: RMB6,753,000). The increases in the loss are mainly due to the selling and distribution costs of pre-sales of the property development project in Maoming city.

For the first half of 2015, the Group's operating activities generated a net cash inflow of approximately RMB59,939,000 (2014: outflow of RMB7,476,000). At 30 June 2015, the net amount of bank balances and cash was approximately RMB220,620,000 (31 December 2014: RMB231,700,000).

At 30 June 2015, the total assets of the Group was approximately RMB1,588,979,000 (31 December 2014: RMB1,348,211,000). At 30 June 2015, the gearing ratio, expressed as a percentage of total borrowings over net assets was 125% (31 December 2014: 120%). The current ratio was 2.0 (31 December 2014: 3.3).

CAPITAL STRUCTURE

The issued ordinary share capital of the Company at 30 June 2015 and 31 December 2014 was approximately HK\$94,145,000 divided into 941,453,683 shares of HK\$0.10 each. At 30 June 2015 and 31 December 2014, 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.

CONVERSION OF PREFERENCE SHARES AND PREFERENCE A SHARES

On 20 July 2015, the Company received conversion notices from China Sugar Holdings Limited (“China Sugar”) for the conversion of i) Preference Shares in the amount of HK\$90,000,000 in full at the conversion price of HK\$0.38 per Ordinary Share and resulted in a total number of 236,842,105 Ordinary Shares issued to China Sugar upon the conversion of the said Preference Shares; and ii) Preference A Shares in the amount of HK\$2,000,000 in full at the conversion price of HK\$0.38 per Ordinary Share and resulted in a total number of 5,263,157 Ordinary Shares issued to China Sugar upon the conversion of the said Preference A Shares.

Details of which are set out in the Company’s announcement dated 22 July 2015.

On 28 July 2015, the Company received conversion notices from an individual preference shareholder for the conversion of i) Preference Shares in the amount of HK\$10,000,000 in full at the conversion price of HK\$0.38 per Ordinary Share and resulted in a total number of 26,315,789 Ordinary Shares issued to this individual preference shareholder upon the conversion of the said Preference Shares; and ii) Preference A Shares in the amount of HK\$6,000,000 in full at the conversion price of HK\$0.38 per Ordinary Share and resulted in a total number of 15,789,473 Ordinary Shares issued to this individual preference shareholder upon the conversion of the said Preference A Shares.

In addition, on 6 August 2015, the Company received conversion notices from certain preference shareholders for the conversion of Preference A Shares in an aggregate amount of HK\$18,000,000 in full at the conversion price of HK\$0.38 per Ordinary Share and resulted in a total number of 47,368,420 Ordinary Shares issued to these preference shareholders upon the conversion of the said Preference A 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, the management will monitor foreign exchange exposure closely and consider the use of hedging instruments when the need arises.

CHARGE ON ASSETS

At 30 June 2015, certain of the Group’s leasehold land and buildings and properties under development with an aggregate net carrying value of approximately RMB1,291,548,000 (31 December 2014: RMB1,082,057,000) were pledged to banks for securing general banking facilities granted to the Group. At 30 June 2015, bank facilities of approximately RMB616,651,000 (31 December 2014: RMB618,431,000) were utilised and approximately RMB160,000 (31 December 2014: RMB2,404,000) were unutilised.

SEGMENT INFORMATION

The details of segment information are set out in Note 3 of this announcement.

CAPITAL AND OTHER COMMITMENTS

At 30 June 2015, the Group had commitments for properties under development contracted for but not provided in the financial statements of approximately RMB280,122,000 (31 December 2014: 321,259,000).

EMPLOYEE AND REMUNERATION POLICIES

At 30 June 2015, the Group employed 68 full time employees (31 December 2014: 66) 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 the assessment of individuals' performance.

DIVIDEND

Reference is made to the announcement of the Company dated 10 November 2014 and 31 December 2014 and the circular of the Company dated 1 December 2014, on 31 December 2014, the Board has declared the payment of preference shares dividend at the rate of 3.5% per annum on the amount paid up or credited as paid up, which amounted to HK\$42,620,000 (equivalent to approximately RMB33,853,000). The dividend were paid during the interim period.

No dividend was declared or proposed during the interim period. The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: nil).

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 complied with all of the Code Provisions of the CG Code except A.6.7 and E.1.2.

Under the Code Provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting and he should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In addition, under the code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. During the period ended 30 June 2015, on the annual general meeting held on 12 June 2015, the whole Board have attended the meeting to answer questions of the shareholders of the Company except that Mr. Chen Xian (vice-chairman of the Board) and Mr. Chan Chun Fai (chairman of nomination committee) did not attend the meeting due to other business engagement but they have appointed the other attended Directors as their representative at the meeting to answer questions of the shareholders of the Company. In the future, the Company will try its best to encourage and ensure the independent non-executive Directors attend the general meetings.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 of all Directors, the Company confirms that all Directors have complied with the required standard set out in the Model Code during the period under review.

PURCHASES, SALE AND REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2015.

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 2015 and is of the opinion that the preparation of such statements complied with the applicable accounting standards and that adequate disclosures have been made.

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, 28 August 2015

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.