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CONTINUING CONNECTED TRANSACTIONS

THE MASTER AGREEMENT

The Board is pleased to announce that on 22 January 2018, Techwayson, a wholly-owned subsidiary of the Company, entered into the Master Agreement with China Sugar for purchase of raw cane sugar from China Sugar for a term of three (3) years, from 1 March 2018 to 28 February 2021 (both days inclusive).

LISTING RULES IMPLICATIONS

As at the date of this announcement, China Sugar is, a substantial shareholder and hence a connected person of the Company, holding 242,105,262 Shares, representing approximately 15.88% of the issued share capital of the Company. Accordingly, the purchase of raw cane sugar contemplated under the Master Agreement will constitute continuing connected transactions of the Company under Rule 14A.31 of the Listing Rules.

As the applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) exceeds 5% and the transaction amounts under the Master Agreement exceeds HK\$10,000,000, the CCT constitute non-exempt continuing connected transactions of the Company and are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

China Sugar and its associate(s) are required to abstain from voting on the resolution(s) in respect of the continuing connected transaction at the EGM.

An Independent Board Committee (comprising of all the independent non-executive Directors) will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the CCT. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

An EGM will be convened and held to consider and, if thought fit, to approve the CCT contemplated under the Master Agreement and the Annual Caps.

A circular containing, among other things, (i) details of the CCT; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the CCT; (iii) the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the CCT; (iv) a notice of the EGM; and (v) other information as required by the Listing Rules will be despatched to the Shareholders on or before 15 February 2018 in order to allow sufficient time for the preparation of the necessary information for inclusion in the circular.

INTRODUCTION

The Board is pleased to announce that on 22 January 2018, Techwayson, a wholly-owned subsidiary of the Company, entered into the Master Agreement with China Sugar for purchase of raw cane sugar from China Sugar for a term of three (3) years, from 1 March 2018 to 28 February 2021 (both days inclusive).

As at the date of this announcement, China Sugar is, a substantial shareholder and hence a connected person of the Company, holding 242,105,262 Shares, representing approximately 15.88% of the issued share capital of the Company. Accordingly, the purchase of raw cane sugar contemplated under the Master Agreement will constitute continuing connected transactions of the Company under Rule 14A.31 of the Listing Rules.

PRINCIPAL TERMS OF THE MASTER AGREEMENT

Date : 22 January 2018

Parties : (i) Techwayson, the Company's wholly-owned subsidiary; and
(ii) China Sugar, a company incorporated in Hong Kong, which is a substantial Shareholder of the Company and hence a connected person of the Company under the Listing Rules.

Term

Pursuant to the Master Agreement and subject to the approval by Independent Shareholders to be obtained at the Company's EGM, Techwayson agree to purchase raw cane sugar from China Sugar for a term of three (3) years, from 1 March 2018 to 28 February 2021 (both days inclusive).

Pursuant to the Master Agreement, China Sugar and Techwayson shall enter into specific contract(s), which shall set out the details, including but not limited to the unit price of the raw cane sugar, quality specification, origin, packing, payment terms and destination. Detailed terms and conditions for the CCT shall be governed by the specific purchase agreement(s) to be entered into between Techwayson and China Sugar pursuant to the Master Agreement.

Condition precedent

The Master Agreement is conditional upon the approval by the Independent Shareholders at the EGM in accordance with the requirements of the Listing Rules. Before the approval by the Independent Shareholders, China Sugar and Techwayson shall not enter into any transactions or specific contracts under the Master Agreement.

Pricing and Payment

The pricing of raw cane sugar shall be determined by general commercial terms and with reference to the following principles:

(a) the price of raw cane sugar shall not be higher than the price offered by China Sugar to the other customer in similar transactions; and

(b) the price of raw cane sugar (after deduction of freight and insurance charges, which are borne by China Sugar) shall not be higher than the price as quoted in the index quotation of the New York ICE FUTURES No.11 Sugar contract of the closest month to the delivery date of the sugar as specified in the specific contracts. China Sugar should submit the information of freight and insurance charges to Techwayson within 15 days after shipment.

The parties shall determine the unit price of raw cane sugar at the entering of the specific contracts or such later date to be specified in such contract. The date of such price being determined is referred to as “**Price Determination Date**”.

In order to ensure that (i) the pricing of raw cane sugar and the other terms of the specific contract(s) are on normal commercial terms; and (ii) the pricing of raw cane sugar is in accordance with the above pricing principles, China Sugar shall at its costs provide the evidence of such market prices to Techwayson upon Techwayson’s request from time to time.

Techwayson shall prepay a sum of not more than 60% of the total purchase price or the estimated total price (if the price of the raw cane sugar is not determined at the date of the specific contract) to be specified in the specific contract. Such prepayment shall bear an interest at LIBOR plus 7%.

If the price of the raw cane sugar is not determined at the date of the specific contract, the estimated total price will be calculated in accordance with the following formula:

$$\text{Estimated total price} = \text{Lower range}^1 \text{ of transaction volume specified in the specific contract} \times \text{Price as quoted in the index quotation of the New York ICE FUTURES No.11 Sugar contract of the closest month to the estimated delivery date of the sugar as specified in the specific contracts}$$

Note:

1. The final transaction volume will be subject to the actual weight of the raw cane sugar being delivered. Therefore, the transaction volume specified in each of the specific contracts will be subject to $\pm 5\%$, which shall be determined at the date of entering into of specific contract by reference to the loading and transportation environment at the time.

Proposed Annual Caps

The Annual Caps of raw cane sugar for the period commencing from 1 March 2018 to 28 February 2021 are set out as follows:

Period	Estimated Quantity (metric tons)	Annual Caps	
		(US\$)	(HK\$) (approximately)
1 March 2018 – 28 February 2019	26,250	11,000,000	86,020,000
1 March 2019 – 29 February 2020	26,250	11,000,000	86,020,000
1 March 2020 – 28 February 2021	26,250	11,000,000	86,020,000

Basis for the Annual Caps

The Annual Caps for the respective periods are determined based on the following:

- (a) the estimated number and prices of the raw cane sugar to be traded by the Group under the Master Agreement; and
- (b) the estimated price changes and volatility of sugar price.

In the event that at the Price Determination Date, the accumulated transaction amounts for the relevant year exceeded the corresponding Annual Cap, Techwayson and China Sugar agree to lower the purchase quantity for the raw cane sugar so that after such purchase, the accumulated transaction amounts will not exceed the Annual Cap for the relevant year. Should the anticipated annual amount exceed the above proposed Annual Caps, the Company will revise the Annual Caps in compliance with the relevant requirements under Chapter 14A of the Listing Rules.

REASONS AND BENEFITS FOR ENTERING INTO THE MASTER AGREEMENT

The Company is an investment holding company. The Group is principally engaged in (i) property development and investment; and (ii) trading of raw sugar.

As advised by China Sugar, China Sugar is principally engaged in distribution and trading of sugar.

In view of the Group's plan to further expand its business in trading of raw cane sugar, the entering into of the Master Agreement between Techwayson and China Sugar will strengthen the existing business and secure the procurement of sugar trading business of the Group and in turn increase the revenue of the Group.

The Master Agreement between China Sugar and Techwayson was entered into by Techwayson in the ordinary and usual course of business of the Group. The Directors (excluding the independent non-executive Directors who shall provide their view after considering the advice from the Independent Financial Adviser) are of the view that the Master Agreement is entered into in the ordinary and usual course of business of the Company. The Directors (excluding the independent non-executive Directors who shall provide their view after considering the advice from the Independent Financial Adviser) consider that the terms of the Master Agreement and the Annual Caps are on normal commercial terms after arm's length negotiation and are fair and reasonable so far as the Shareholders are concerned, and the entering into of the Master Agreement is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, China Sugar is a substantial shareholder and hence a connected person of the Company holding 242,105,262 Shares, representing approximately 15.88% of the issued share capital of the Company. Accordingly, the purchase of raw cane sugar from China Sugar contemplated under the Master Agreement will constitute continuing connected transactions of the Company under Rule 14A.31 of the Listing Rules.

As the applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) exceeds 5% and the transaction amounts under the Master Agreement exceeds HK\$10,000,000, the CCT constitute non-exempt continuing connected transactions of the Company and are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules. China Sugar and its associate(s) are required to abstain from voting on the resolution(s) in respect of the CCT at the EGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as China Sugar and its associate(s), no other Shareholder has any material interest in the Master Agreement. Accordingly, apart from China Sugar and its associate(s), no other Shareholder is required to abstain from voting at the EGM in respect of the resolutions relating to the Master Agreement. Mr. Liu Zhongxiang, the executive Director, and Mr. Liu Feng, the chairman and the executive Director, are regarded as having a material interest and have abstained from voting for the Board resolutions for approving the Master Agreement (including the Annual Caps).

GENERAL

An Independent Board Committee (comprising of all the independent non-executive Directors) will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the CCT. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

An EGM will be convened and held to consider and, if thought fit, to approve the CCT contemplated under the Master Agreement and the Annual Caps.

A circular containing, among other things, (i) details of the CCT; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the CCT; (iii) the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the CCT; (iv) a notice of the EGM; and (v) other information as required by the Listing Rules will be despatched to the Shareholders on or before 15 February 2018 in order to allow sufficient time for the preparation of the necessary information for inclusion in the circular.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“Annual Caps”	the proposed maximum aggregate annual value for the CCT contemplated under the Master Agreement
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Days”	a day (other than Saturday, Sunday or public holiday or days on which a typhoon signal No. 8 or above or black rainstorm warning is hosted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licenced banks are generally open for general banking business in Hong Kong throughout their normal business hours
“CCT”	the transactions to be entered into between Techwayson and China Sugar on an ongoing basis in respect of purchase of raw cane sugar by Techwayson from China Sugar pursuant to the Master Agreement
“China Sugar”	China Sugar Holdings Limited, a private company incorporated in Hong Kong with limited liability, which is a substantial shareholder of the Company and hence a connected person of the Company under the Listing Rules
“Company”	China Uptown Group Company Limited, a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 2330)

“connected person”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“EGM”	an extraordinary general meeting (or any adjournment thereof) of the Company to be convened for the purpose of considering and, if thought fit, approving the Master Agreement, the transaction(s) contemplated thereunder and the Annual Caps
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company to be formed by the Company, comprising all the independent non-executive Directors, namely Mr. Poon Lai Yin Michael, Mr. Li Jiansheng and Mr. Char Shik Ngor Stephen, to advise the Independent Shareholders as to whether the Master Agreement and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the Master Agreement and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole
“Independent Shareholders”	Shareholders, other than China Sugar and its associate(s), who are not involved in or interested in the Master agreement and the transactions contemplated hereunder

“Independent Third Parties”	the independent third party(ies) who is/are, to the best of the Director’s knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and the connected person(s) of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreement”	the agreement dated 22 January 2018, entered into between Techwayson and China Sugar, pursuant to which Techwayson agrees to purchase raw cane sugar from China Sugar for a term of three (3) years, from 1 March 2018 to 28 February 2021 (both days inclusive)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning as ascribed to it under the Listing Rules
“Techwayson”	Techwayson Trading Limited, a wholly owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“US\$” dollars of the United States of America, the lawful currency
of the United States of America

“%” per cent.

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

Hong Kong, 22 January 2018

As at the date of this announcement, the board of the Company comprises executive Directors, Mr. Liu Feng, Mr. Chen Xian, Mr. Lau Sai Chung, Ms. Xia Dan and Mr. Liu Zhongxiang and independent non-executive Directors, Mr. Poon Lai Yin Michael, Ms. Li Jiansheng and Mr. Char Shik Ngor Stephen.

For the purposes of illustration only, any amount denominated in US\$ in this announcement was translated into HK\$ at the rate of US\$1=HK\$7.82. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.