
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Uptown Group Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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CONTINUING CONNECTED TRANSACTIONS

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



A letter from the Board is set out on pages 4 to 15 of this circular. A letter from the Independent Board Committee is set out on page IBC-1 of this circular. A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the CCT is set out on pages IFA-1 to IFA-15 of this circular.

A notice convening the EGM of the Company to be held at Suite 1501, 15/F, Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong at 11:00 a.m. on Wednesday, 21 March 2018 is set out on pages EGM-1 to EGM-3 of this circular. The EGM is to be held to approve matters referred to in this circular.

Whether or not you intend to attend the EGM in person, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's head office and principal place of business at Suite 1501, 15th Floor, Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjourned meeting. Completion and delivery of a form of proxy will not preclude you from attending and voting at the meeting in person. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM and at any adjournment thereof, should you so wish.

6 March 2018

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DEFINITIONS

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

“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 (as supplemented and amended by the Supplemental 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
“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 director(s) 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 transactions contemplated thereunder and the Annual Caps

DEFINITIONS

“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 formed by the Company, comprising all the independent non-executive Directors, namely Mr. Poon Lai Yin Michael, Ms. 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” or “Messis ”	Messis Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“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 thereunder
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ 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
“Latest Practical Date”	1 March 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
“Listing Rules”	the Rules governing the Listing of Securities on The Stock Exchange
“Master Agreement”	the agreement dated 22 January 2018 (as supplemented and amended by the Supplemental Agreement), entered into between Techwayson and China Sugar, pursuant to which Techwayson agrees to purchase raw cane sugar from China Sugar for a term of thirty four (34) months, from 1 March 2018 to 31 December 2020 (both days inclusive)

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of Hong Kong Laws)
“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
“Supplemental Agreement”	the supplemental agreement to the Master Agreement dated 14 February 2018 entered into between Techwayson and China Sugar for the purpose of supplementing and amending the Master Agreement
“Techwayson”	Techwayson Trading Limited, a company incorporated in Hong Kong with limited liability and 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.

For the purposes of illustration only, any amount denominated in US\$ in this circular was translated into HK\$ and RMB at the rates of US\$1=HK\$7.82 and US\$1=RMB6.14, respectively. Such translation 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 discrepancy between the Chinese version and English version of this circular, the English version shall prevail.

LETTER FROM THE BOARD



Executive Directors:

Mr. Liu Feng (*Chairman*)
Mr. Chen Xian (*Vice Chairman*)
Mr. Lau Sai Chung (*Chief Executive Officer*)
Mr. Liu Zhongxiang

Independent non-executive Directors:

Mr. Poon Lai Yin Michael
Mr. Char Shik Ngor Stephen
Ms. Li Jiansheng

Registered office:

Cricket Square,
Hutchins Drive,
P.O. Box 2681,
Grand Cayman,
KY1-1111,
Cayman Islands

*Head Office and Principal Place of
Business in Hong Kong:*

Suite 1501, 15/F
Tower 1, Silvercord
30 Canton Road
Tsimshatsui
Kowloon
Hong Kong

6 March 2018

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

1. INTRODUCTION

The Board refers to the announcements of the Company dated 22 January 2018 and 14 February 2018. On 22 January 2018, Techwayson, a wholly-owned subsidiary of the Company, entered into the Master Agreement (as supplemented and amended by the Supplemental Agreement dated 14 February 2018) with China Sugar for purchase of raw cane sugar from China Sugar for a term of thirty four (34) months, from 1 March 2018 to 31 December 2020 (both days inclusive).

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information regarding resolution to be proposed at the EGM including, 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.

1. THE MASTER AGREEMENT

The principal terms of the Master Agreement (as supplemented and amended by the Supplemental Agreement) are as follows:

Dates : Master Agreement: 22 January 2018

Supplemental Agreement: 14 February 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 agreed to purchase raw cane sugar from China Sugar for a term of thirty four (34) months, from 1 March 2018 to 31 December 2020 (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 contract(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 obtaining the approval by the Independent Shareholders at the EGM, China Sugar and Techwayson shall not enter into any transactions or specific contracts under the Master Agreement.

LETTER FROM THE BOARD

Pricing and payment

Pursuant to the Master Agreement, the price of raw cane sugar shall be determined by general commercial terms and with reference to the following principles:

- (a) not be higher than the price offered by China Sugar to the other customers which purchase raw cane sugar from China Sugar with similar specifications in terms of quality and volume;
- (b) (after deduction of freight and insurance charges, which are borne by China Sugar) not be higher than the price as quoted in the index quotation (“**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; and
- (c) not be higher than the price payable by the Group to the independent external suppliers based on the order specifications from Techwayson’s customers.

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 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. One of the pricing principles is that the price of raw cane sugar shall not be higher than the price offered by China Sugar to its other customers which order raw cane sugar of similar specifications in terms of quality and volume. In order to prove the satisfaction of this principle, China Sugar will be obligated to provide full disclosure to the Company of the prices offered by China Sugar to its other customers.

The Company is also of the view that the fairness of the pricing principles is maintained as the price shall be determined in accordance with the price as quoted in the Index Quotation of the closest month to the delivery date of the sugar as specified in the specific contracts. To the best knowledge of the Company, the Sugar No.11 contract is one of the benchmark contract for raw sugar trading and prices for the future physical delivery of raw cane sugar on free-on-board terms.

To the best knowledge of the Company, the quality specification adopted for the Index Quotation is raw cane sugar based on 96 degrees average polarization. The Company intends to purchase raw cane sugar with quality of higher than 96 degrees polarization, which is (i) normally requested by the Company’s customers; and (ii) at a higher quality than the quality specification adopted for the Index Quotation. Details of specification of raw cane sugar will be provided in each specific contract. Nevertheless, pursuant to the Master Agreement, the China Sugar has agreed to charge with reference to the Index Quotation, even though raw cane sugar with quality higher than the specification adopted for the Index Quotation may be provided by China Sugar to the Company.

LETTER FROM THE BOARD

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:

$$\begin{array}{rcccl} \text{Estimated total price} & = & \begin{array}{c} \text{Lower range}^1 \text{ of} \\ \text{transaction volume} \\ \text{specified in the} \\ \text{specific contract} \end{array} & \times & \begin{array}{c} \text{Price as quoted in the Index} \\ \text{Quotation of the closest} \\ \text{month to the estimated} \\ \text{delivery date of the sugar as} \\ \text{specified in the specific} \\ \text{contracts} \end{array} \end{array}$$

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.

Internal control measures

In order to further ensure that the price of raw cane sugar and other terms of the specific contracts are on the normal commercial terms and such price and other terms offered by China Sugar are no less favourable to the Group than the terms available from the independent external suppliers, the Group has adopted an internal control procedure as follows:

- (i) The finance department of the Company will make monthly reports to closely monitor the quantity and price of raw cane sugar under the specific contracts and the aggregate transaction amounts to be entered into pursuant to the Master Agreement as of the end of the month during the term.
- (ii) When Techwayson receives orders and quotation requests from its customers, the procurement team of the Company will obtain price quotations from the independent external suppliers based on the order specifications of Techwayson's customers and compare them with the price offered by China Sugar.

LETTER FROM THE BOARD

- (iii) Prior to entering into any specific contracts with China Sugar, the finance department will check whether if entering of such specific contracts will result the aggregate transaction amounts, based on the contract price or estimated price (based on latest quoted index price, in the event that the Price Determination Date is later than the date of the specific contracts), exceeded the relevant Annual Cap. On the Price Determination Date (if it is later than the date of the specific contract), the finance department of the Company will notify the revised aggregate transaction amount to the procurement team of the Company if there is any price increment as compared to the estimated price. If the aggregate transaction amounts exceed the relevant Annual Cap, the procurement team will alert the senior management of the Company. The senior management will then reduce the quantity of raw cane sugar for such specific contracts so that the entering into such specific contract will not result the aggregate transaction amounts with China Sugar exceeded the relevant Annual Cap.
- (iv) If entering of such specific contracts will result the aggregate transaction amounts exceeded the relevant Annual Cap, the finance department will alert the procurement team of the Company, which in turn will report to the senior management of the Company, the senior management will then either (a) reduce the purchase quantity of the specific contracts; or (b) escalate the issue to the Board to decide whether (i) not to enter into any more specific contracts with China Sugar immediately prior to reaching the Annual Cap or (ii) to revise the Annual Cap in accordance with the relevant requirements under Chapter 14A of the Listing Rules prior to entering into any new transaction with China Sugar.

In relation to pricing of the sugar, prior to entering into any specific contract with China Sugar, the business department of sugar trading of the Group will ensure that the price is negotiated with China Sugar at arm's length with normal commercial terms and in accordance with the pricing principles as disclosed under the paragraph headed "Pricing and payment" in this Letter. The business department will forward the proposed price to the finance department for approval and to ensure that the proposed price has followed the pricing principles. Upon reaching an agreement on the price with China Sugar for each specific contract, the business department will then pass the final price and other major terms of the relevant contract to the senior management for final review and approval. In any event, the final price shall not be higher than the price offered by China Sugar to other customers in similar transactions or the price as quoted in the Index Quotation of the closest month to the delivery date of the sugar as specified in the specific contracts or less favourable than the price offered by independent external suppliers.

LETTER FROM THE BOARD

Proposed Annual Caps

The Annual Caps of raw cane sugar for the period commencing from 1 March 2018 to 31 December 2020 are set out as follows:

Period	Estimated Quantity (metric tons)	Annual Caps	
		(US\$)	(HK\$) (approximately)
1 March 2018 – 31 December 2018	26,250	11,000,000	86,020,000
1 January 2019 – 31 December 2019	26,250	11,000,000	86,020,000
1 January 2020 – 31 December 2020	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 quantity 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.

The Company has estimated the quantity of raw cane sugar based on (a) the signed sales contract entered by the Group with its customer as at the Latest Practicable Date, which it intended to procure the supply from China Sugar, (b) the view of the management that a consistent order of such quantity of raw cane sugar will be made by the customers during the term of the Master Agreement. In the event that any further procurement is required, which may result the aggregate transaction amount of the relevant year exceeded the relevant Annual Cap, the Company may propose to revise the Annual Caps for its Independent Shareholders' approval in accordance with the Listing Rules.

LETTER FROM THE BOARD

In respect of the estimated price changes and volatility of sugar price, the Company has taken in account of the movement of the historical Index Quotation for the two years of March 2018 as extracted from the website of the Intercontinental Exchange (“ICE”), the simplified graph of which is shown as follows:



As illustrated in the above graph, the Index Quotation has been fluctuated significantly during the two year period. The Index Quotation approximated to US\$13.71 per 100 pounds on 22 February 2018 and reached over US\$20 per 100 pounds during October 2016 and February 2017.

In view of the volatile movement of the historical Index Quotation, the Company calculated the projected Annual Caps based on the index price of US\$19 per 100 pounds, which is near the higher end of the historical Index Quotation during the past two years, as the management of the Company takes the view that there is a possibility of price increment in sugar during the 3-year term of the Master Agreement.

The Annual Caps are determined by basing on the possible movement range of the Index Quotation in order to ensure that the procurement from China Sugar will not be affected by the volatile movement of the Index Quotation. The Company will also adopt the internal control measures to ensure that the transaction amounts pursuant to the Master Agreement will be within the Annual Caps and price offered by China Sugar and in accordance with the pricing principles as disclosed in the paragraph headed “Pricing and payment” in this Letter.

LETTER FROM THE BOARD

The Group has started its business in trading of raw sugar in late 2014. The historical transactions on raw sugar of the Company are as follows:

Year ended 31 December 2014 (Note)	Year ended 31 December 2015 (Note)	Year ended 31 December 2016 (Note)	Six months ended 30 June 2017 (Note)
RMB11,108,000	RMB7,801,000	Nil	RMB69,800,000
(equivalent to approximately US\$1,809,000)	(equivalent to approximately US\$1,230,000)		(equivalent to approximately US\$10,118,000)

Note: The contractual currency of the transactions was in US\$.

Should any of the anticipated annual amounts exceeds the above proposed Annual Caps, the Company will revise the relevant Annual Caps in compliance with the relevant requirements under Chapter 14A of the Listing Rules.

In the event that at the Price Determination Date is later than the date of each specific contract, if 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, disregard any quantity to be specified in the specific contract, so that after such purchase, the accumulated transaction amounts will not exceed the Annual Cap for the relevant year.

2. REASONS FOR AND THE BENEFITS OF 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.

The Company has started its trading of raw sugar (“**Sugar Trading Business**”) since late 2014 and recorded revenue for this business segment in 2015 and 2017. The Sugar Trading Business is carried out on a back-to-back order basis. The Group is engaged in distribution and trading of sugar business with no further processing procedures or alteration on the sugar product. Nevertheless, customer chooses to purchase sugar from the Company, instead of the other suppliers directly, as Techwayson is a wholly-owned subsidiary of the Company, the Shares of which are listed on the Stock Exchange and the Group’s financial and operation performance are transparent to public. Some customers of the Group feel more comfortable in dealing with the Company because they perceive that the Company is comparatively more credit worthy.

LETTER FROM THE BOARD

The Company has established a team dedicated to the Sugar Trading Business since September 2015 to explore opportunity related to such business. Since then, the volume of Sugar Trading Business increased significantly in 2017, the management is in the view that such business might generate a steady income for the Group and be beneficial to the Group's overall performance. By securing a major customer in 2017 and 2018, the Sugar Trading Business achieves a growth in 2017 and anticipates a similar growth of its performance in 2018. The Company expects that the Sugar Trading Business will gradually increase its revenue in long term.

With an objective to achieve a steady source of revenue from the Sugar Trading Business, the Company decided to expand such business by procuring its business team to explore new customers and sales opportunities. Moreover, as a new market entrant in the Sugar Trading Business, the Company needs to secure its supply chain for sugar and one of the ways is to procure the supply from China Sugar.

It is the Company's goal from 2018 onwards to expand its supply chain worldwide, including different ASEAN countries and Latin America, and also diversify its customer base while the Company will focus on its trading role in the industry. Save as disclosed in this letter, the Company currently has no other plan, including vertical expansion, of its Sugar Trading Business.

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 for Sugar Trading Business 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 whose opinion will be subject to the advice of 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 whose opinion will be subject to the advice of 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.

LETTER FROM THE BOARD

3. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, 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.

In order to comply with Rule 14A.71(6)(b) of the Listing Rules, the Company's auditors will carry out procedures annually on the transactions carried out pursuant to the Master Agreement, and will provide a letter to the Directors with a copy to The Stock Exchange, at least 10 business days before bulk printing of the relevant annual report, confirming that the specific contracts to be entered pursuant to the Master Agreement (a) have received the approval of the Directors; (b) have been entered into, in all material respects, in accordance with the Master Agreement; and (c) have not exceed the relevant Annual Cap.

The Company will also ensure that, during the term of the Master Agreement, the Group's management and the Company's auditors will have full access to its relevant records for the purpose of the Company's auditors review on the CCT.

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 resolution 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).

LETTER FROM THE BOARD

4. EGM

A notice convening the EGM to be held at 11:00 a.m. on Wednesday, 21 March 2018 at Suite 1501, 15/F, Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong is set out on EGM-1 to EGM-3 of this circular.

A form of proxy for the EGM is enclosed with this circular. If you are unable to attend and/or vote at the EGM in person, you are requested to complete the form of proxy and return it to the Company's principal place of business in Hong Kong at Suite 1501, 15/F, Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

If you do not intend to be present at the EGM, you are requested to complete the form of proxy and return it to the Company's Share Registrar, Union Registrars Limited, Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

China Sugar and its associate(s) shall abstain from voting at the EGM in respect of the resolution approving the CCT and the Annual Caps due to their interests. As at the Latest Practicable Date, China Sugar, a substantial shareholder of the Company, held 242,105,262 Shares, representing approximately 15.88% of the issued share capital of the Company. 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 a 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 resolution relating to the Master Agreement.

5. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolution proposed at the EGM shall be voted by poll. The chairman of the meeting will therefore demand a poll for every resolution put to the vote of the EGM in accordance with the articles of association of the Company. The results of the poll shall be deemed to be the resolution of the general meeting in which the poll was demanded or required. An announcement on the poll vote results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

6. RECOMMENDATION

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that (i) the Master Agreement was in the ordinary business and usual course of business of the Company and was entered into on normal commercial terms after arm's length negotiation; and (ii) the Annual Caps and the terms of the Master Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to approve the Master Agreement and transactions contemplated thereunder at the EGM.

In the light of the above, the Directors believe that the proposal at the EGM is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the CCT and the Annual Caps.

7. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



6 March 2018

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular issued by the Company to the Shareholders of the company dated 6 March 2018 (the “**Circular**”) of which this letter forms part. Capitalized terms defined in this Circular shall have the same meanings in this letter unless the context otherwise requires.

We, being the independent non-executive Directors, have been appointed by the Board as members of the Independent Board Committee to consider the terms of the Master Agreement (as supplemented and amended by the Supplemental Agreement dated 14 February 2018) and to advise the Independent Shareholders as to whether, in our opinion, (i) the terms of the Master Agreement; and (ii) the Annual Caps, so far as the Independent Shareholders are concerned. Messis Capital Limited has been appointed as the Independent Financial Adviser to advise us in this respect.

We wish to draw your attention to the letter from the Independent Financial Adviser to the Independent Board Committee set out in the Circular, which contains its advice to the Independent Board Committee and the Independent Shareholders on the terms of the Master Agreement. Having considered the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser, we are of the view that the terms and conditions of the Master Agreement and the Annual Caps were negotiated on an arm’s length basis, on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the Company's entering into the Master Agreement and transactions contemplated thereunder and the Annual Caps.

Yours faithfully,

For and on behalf of the Independent Board Committee of
China Uptown Group Company Limited

Mr. Poon Lai Yin Michael

Independent

non-executive Directors

Mr. Char Shik Ngor Stephen

Independent

non-executive Directors

Ms. Li Jiansheng

Independent

non-executive Directors

LETTER FROM MESSIS CAPITAL

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.



6 March 2018

*The Independent Board Committee and the Independent Shareholders of
China Uptown Group Company Limited*

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Master Agreement (as supplemented and amended by the Supplemental Agreement dated 14 February 2018) and the CCT. Details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 6 March 2018 issued to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular, unless otherwise specified.

Reference is made to the announcement of the Company dated 22 January 2018 and 14 February 2018. On 22 January 2018, Techwayson, a wholly-owned subsidiary of the Company, entered into the Master Agreement (as supplemented and amended by the Supplemental Agreement dated 14 February 2018) with China Sugar for purchase of raw cane sugar from China Sugar for a term of thirty four (34) months, from 1 March 2018 to 31 December 2020 (both days inclusive).

As at the Latest Practicable Date, China Sugar is a substantial shareholder holding 242,105,262 Shares, representing approximately 15.88% of the issued share capital of the Company and hence a connected person 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.

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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.

The Independent Board Committee has been established to advise and provide recommendation to the Independent Shareholders in respect of the CCT and to advise the Independent Shareholders on how to vote. We, Messis Capital limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Master Agreement (as supplemented and amended by the Supplemental Agreement dated 14 February 2018), the CCT and the Annual Caps are on normal commercial terms and in the ordinary and usual course of business of the Group; fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the shareholders as a whole.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have not acted as the financial adviser nor the independent financial adviser to the Company, the independent board committee and the independent shareholders of the Company for any transaction.

Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have considered, among other things, the Master Agreement and the Supplemental Agreement and other information as set out in the Circular. We have also relied on all relevant information, opinions and facts supplied and represented by the Company, the Directors and the management of the Company. We have assumed that all such information, opinions, facts and representations contained or referred to in the Circular, for which the Company is fully responsible, were true and accurate in all respects as at the date hereof and may be relied upon. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, and the Company has confirmed that no material facts have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading.

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We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out independent verification of the information provided by the Directors and the representatives of the Company, nor have we conducted any form of in-depth investigation into the businesses, affairs, operations, financial position or future prospects of the Company or any of its subsidiaries.

PRINCIPAL FACTORS AND REASONS CONCERNED

In considering whether the terms of the Master Agreement (as supplemented and amended by the Supplemental Agreement), the transactions contemplated thereunder and the Annual Caps are fair and reasonable in so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

1. Principal activities and background of the parties

The Group

The Company is an investment holding company. The Group is principally engaged in (i) property development and investment; and (ii) trading of raw sugar. Below sets out the segment information from continuing operations as extracted from the annual report of the Company for the year ended 31 December 2016 and the interim report of the Company for the six months ended 30 June 2017:

	For the year ended 31 December		For the six months ended 30 June	
	2016	2015	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(unaudited)	(unaudited)
Continuing operations				
Turnover				
Property development	479,111	–	326,157	–
Trading of raw sugar	–	7,801	69,800	–
	<u>479,111</u>	<u>7,801</u>	<u>395,957</u>	<u>–</u>
Segment profit (loss)				
Property development	57,804	(21,705)	101,892	(10,342)
Trading of raw sugar	<u>(485)</u>	<u>54</u>	<u>3,295</u>	<u>(22)</u>
	<u>57,319</u>	<u>(21,651)</u>	<u>105,187</u>	<u>(10,364)</u>

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China Sugar

As stated in the Letter from the Board, China Sugar is principally engaged in distribution and trading of sugar. As discussed with the management of the Company, China Sugar has developed a sugar distribution network through its sugar trading business and built up relationship with raw cane sugar suppliers. Accordingly, we consider that China Sugar is a stable source of raw cane sugar.

2. Reasons for and the benefits of entering into the Master Agreement and the Supplemental Agreement

As stated in the Letter from the Board, 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 (as supplemented and amended by the Supplemental Agreement) between Techwayson and China Sugar will strengthen the existing business and secure the procurement for the sugar trading business of the Group.

The Group has started its business in trading of raw sugar since late 2014. Referring to the table of segment information as set out under the paragraph headed "1. Principal activities and background of the parties" above, revenue contributed from the trading of raw sugar amounted to approximately RMB7.8 million, nil and RMB69.8 million for the two years ended 31 December 2016 and the six months ended 30 June 2017, respectively. We note that the revenue attributable to the trading of raw sugar had increased considerably during the six months ended 30 June 2017, which was attributable to a sales contract with a sole customer secured in 2017 and revenue from the sugar trading business represented approximately 17.6% of the Group's revenue for the said period. Moreover, we were given to understand from the management of the company that the Group has secured a sales contract with the aforesaid sole customer for delivery in 2018. As such, we consider that the sugar trading business is increasingly important and securing raw sugar from a reliable source is essential. Therefore, we are of the view that the Company entering into the Master Agreement (as supplemented and amended by the Supplemental Agreement) with China Sugar could allow the Group to secure a reliable source for procurement, and any purchase under the Master Agreement (as supplemented and amended by the Supplemental Agreement) is in the ordinary and usual course of business of the Group and is in the interest of the Company and the Shareholders as a whole.

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3. Principal terms of the Master Agreement (as supplemented and amended by the Supplemental Agreement)

Date : Master Agreement – 22 January 2018

Supplemental Agreement – 14 February 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

(i) Term

Pursuant to the Master Agreement (as supplemented and amended by the Supplemental 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 thirty four (34) months, from 1 March 2018 to 31 December 2020 (both days inclusive).

Pursuant to the Master Agreement, China Sugar and Techwayson shall, for each purchase, 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 contract(s) to be entered into between Techwayson and China Sugar pursuant to the Master Agreement.

(ii) 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 obtaining the approval by the Independent Shareholders at the EGM, China Sugar and Techwayson shall not enter into any transactions or specific contracts under the Master Agreement.

(iii) Pricing

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

- (a) not be higher than the price offered by China Sugar to its other customers which purchase raw cane sugar from China Sugar with similar specifications in terms of quality and volume;

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- (b) (after deduction of freight and insurance charges, which are borne by China Sugar) not be higher than the price as quoted in the index quotation (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; and
- (c) not be higher than the price payable by the Group to the independent external suppliers based on the order specifications from the Techwayson’s customers.

In order to satisfy the pricing policy in respect of the price of raw cane sugar shall not be higher than the price offered by China Sugar to its other customers with similar specifications in terms of quality and volume, China Sugar will be obligated to provide full disclosure to the Company of the prices offered by China Sugar to its other customers in similar transactions. We have discussed with the management of the Company and are advised that the Group would perform reviews on the prices offered by China Sugar to China Sugar’s other customers where applicable. The Company would obtain from China Sugar, but not limited to, the sales breakdown with details of quantities and prices. As such, we consider that such disclosure requirement to the Company would serve as an additional reference on top of the Index Quotation to the Company the market price of raw cane sugar and is effective in ensuring the price of raw cane sugar offered by China Sugar would not be less favourable than its other customers in similar transactions. We also noted that according to the pricing policy, the Group will refer to the prices quoted by independent external suppliers and the price with China Sugar will not be higher than such quoted prices. We consider that the quotations from independent external suppliers represent the market price and therefore, such pricing policy is fair and reasonable.

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For our due diligence purpose, we have researched on the information on the New York ICE FUTURES No.11 Sugar contract. The Intercontinental Exchange (NYSE: ICE) (www.intercontinentalexchange.com) is a leading operator of regulated futures exchanges and over-the-counter markets for agricultural, credit, currency, emissions, energy and equity index contracts. It is a Fortune 500 company and operates a number of exchanges worldwide in countries/areas such as the United States, Europe and Singapore. According to the website of the ICE, the Sugar No.11 Futures is a world benchmark contract for the trading of raw sugar and prices the physical delivery of raw sugar on free-on-board terms. Sugar traded under the Sugar No.11 Future contract is deliverable from over 25 countries including major sugar cane producing countries such as Australia, Brazil, India, South Africa, Thailand and the United States. The terms of the Sugar No.11 Future contract are also standardised, such as the contract size, delivery method (i.e. physical delivery, FOB terms) and quality of the raw cane sugar as measured by polarisation. (i.e. 96 degrees average). Based on information from the public domain, polarisation of sugar is a scale for measuring the sucrose content of the sugar. In assessing the fairness of benchmarking against the Sugar No.11 Futures index, we had researched on the availability of other comparable sugar indexes. As discussed with the management of the Company, the Group's raw sugar trading business is on a worldwide basis, i.e. the Group sources and delivers globally according to customers' request. As such, we had conducted our index research based on the criteria of (i) for raw cane sugar trading; and (ii) with physical delivery worldwide. In our research from information on the internet and through discussion with the management of the Company, we were not able to identify any other indexes which satisfy the aforesaid criteria. Furthermore, in our research, we noted that the daily sugar prices as quoted on the website of the International Sugar Organization (the "ISO") is also based on the quotation of the New York ICE No. 11 Sugar Contract. According to the website of the ISO, it is an intergovernmental body aiming to improve conditions on the world's sugar market. The ISO is based in London and consist of 87 members including major sugar producing countries such as Australia, Brazil, India, South Africa and Thailand. The member states of the ISO, based on data for 2015, represent over 87% of world sugar production and over 90% of world exports. Based on the aforementioned facts, we consider the Sugar No.11 Futures, which the price is also quoted by the ISO, is a representative index for worldwide sugar trading. Moreover, as advised by the management of the Company, the Group's sugar trading business is on a worldwide basis and the Sugar No. 11 Futures is the only representative raw cane sugar index for physical delivery worldwide. Based on the above, we consider that benchmarking the price offered by China Sugar against the Sugar No.11 Future index, is fair and reasonable.

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Furthermore, as advised by the management of the Company, the major trading terms with China Sugar will be determined based on the standard terms of the Sugar No.11 Future contract. The delivery method with China Sugar will also be physical delivery with FOB terms, and the quality required is intended to be higher than 96 degrees average polarisation, which is higher than the quality specified in the Sugar No.11 Future contract. Based on the above and given the worldwide recognition of the Sugar No.11 Future contract in raw sugar trading, we consider that it is a representative reference for determining the purchase price.

It is noted that the price offered by China Sugar should not be higher than the Index Quotation of the closest month to the delivery date of the sugar. In assessing the fairness and reasonableness of such pricing term, we have reviewed a raw cane sugar purchase contract entered between the Group and an independent third party in November 2016. We noted that the price offered by the independent third party was fixed against the Index Quotation plus a premium. As such, we consider that the price offered by China Sugar, which shall not be higher than the Index Quotation, is not less favourable to the Group than that offered by independent third parties.

(iv) Payment

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:

$$\text{Estimated total price} = \text{Lower range}^1 \text{ of transaction volume specified in the specific contract} \times \text{Price as quoted in the Index Quotation of the closest month to the estimated delivery date of the sugar as specified in the specific contracts}$$

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.

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We noted that the Company shall make a prepayment of not more than 60% of the total contract price and interest is charged to China Sugar at LIBOR plus 7%. We have reviewed a raw cane sugar purchase contract entered between the Group and an independent third party in November 2016 and noted that the supplier required an interest free prepayment of 70% of the contract value. Also, we have reviewed a sales contract entered by the Group with an independent customer and noted that the prepayment required as a percentage of the contract value is less than that of China Sugar which bears an interest of LIBOR plus a premium of less than 7%.

Considering that (i) the Group is principally engaged in trading of raw sugar and contributed approximately 17.6% of the Group's revenue for the six months ended 30 June 2017; (ii) the purchase price of raw cane sugar is with reference to the price as quoted in the index quotation of the New York ICE FUTURES No.11 Sugar contract, which is a well recognised benchmark and a representative reference for pricing; (iii) the purchase price should not be higher than the Index Quotation, which is at better terms than independent third parties as mentioned above; and (iv) the prepayment made to China Sugar carries interest at LIBOR plus 7%, which is of better term as compared with that in transaction with independent third parties, we are of the view that that the terms of the Master Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

4. Annual Caps

The Annual Caps of raw cane sugar for the period commencing from 1 March 2018 to 31 December 2020 are set out as follows:

Period	Estimated Quantity	Annual Caps	
	(metric tons)	(US\$)	(HK\$) (approximately)
1 March 2018 – 31 December 2018	26,250	11,000,000	86,020,000
1 January 2019 – 31 December 2019	26,250	11,000,000	86,020,000
1 January 2020 – 31 December 2020	26,250	11,000,000	86,020,000

We had conducted discussion with the management of the Company and understood that in arriving the Annual Caps, the Company had considered the estimated quantities and prices of raw cane sugar and the estimated volatility of sugar price.

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As discussed with the management of the Company, it is expected that for the period from 1 March 2018 to 31 December 2018, the estimated quantity of sugar required from China Sugar would be at a similar level of the quantities sold by the Group during the year ended 31 December 2017. Furthermore, it is assumed that the estimated quantity to be required from China Sugar would remain at similar level for each of the two years ending 31 December 2020. Despite the historical fluctuation of the revenue contribution of the Group's sugar trading business, as mentioned in the Letter from the Board, the Company had secured a sole customer in 2017, which contributed the revenue of the sugar trading business for the six months ended 30 June 2017. Furthermore, as discussed with the management of the Company, the Company has also secured a sales contract with the aforementioned sole customer for delivery in 2018 and intends to source from China Sugar for stable supply to fulfill such contract. We have reviewed the sales contracts for delivery in 2017 and 2018 and noted that the quantity required by the sole customer approximates to 25,000 metric tons with a range of within +/-5% in both of the contracts. In summary, the Group has only secured one customer in 2017 and 2018 consecutively with purchase quantity of approximately 25,000 metric tons. As understood from the management of the Company, no sales contract has been secured by the Group yet for delivery in 2019 and 2020. The Company anticipates that it would be able to continue to sell to the said sole customer in 2019 and 2020 and that a similar amount of sugar would be purchased in each of 2019 and 2020. Based on our enquiry with the Company as part of our independent work done, we are given to understand that the sole customer is principally engaged in soft commodities trading, including sugar, cocoa, coffee, etc and provides relating sourcing, logistics and distribution services. According to the sole customer's website, the sole customer has a history of over 60 years and trades on a global basis with offices in the Americas, Africa, Europe and Asia. The sole customer ships over 10 million tons of soft commodities annually and in 2016, the sole customer's group recorded a revenue of over US\$6 billion. The Company confirmed that there has been no dispute between the Company and the sole customer with respect to the sale of raw cane sugar. As advised by the Company, it is uncertain as to when and in what value the Group will secure similar sales contract, but it is expected that the Group would continue to build up its customer network. In the event of additional procurement need, the Group is free to procure from independent external suppliers. In light of the foregoing, we consider that the estimated quantity required from China Sugar is reasonable in determining the Annual Cap.

As mentioned earlier, the quantity of sugar in the contract secured with the sole customer for delivery in 2018 approximates to 25,000 metric tons +/-5%. The estimated quantity of 26,250 metric tons in relation to the Annual Caps represents an increase of approximately 5% from 25,000 metric tons. We noted that the Annual Caps imply an index quotation of the New York ICE FUTURES No.11 Sugar contract of approximately 19.0 (note).

Note:

Each Sugar No. 11 Futures contract has a contract size of 112,000 pounds, and an index value of 1 represents US\$1,120. One metric ton approximates to 2,204.6 pounds.

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In assessing the fairness and reasonableness of using the index quotation of 19.0, we had conducted an analysis on the historical prices of the March 2018 No.11 Sugar future contract. The following graph shows the two years historical index quotation of the March 2018 No.11 Sugar future contract as extracted from the website of the ICE:



As shown in the above graph, the index quotation of the March 2018 No.11 Sugar future contract fluctuated largely during the two year period. The index quotation approximates to 13.71 on 22 February 2018, while reached over 20 during October 2016 and February 2017. The index quotation demonstrated an upward trend during 2016, from 14.43 on 1 March 2016 to 18.58 on 30 December 2016, representing an increase of approximately 29% during the said period. While during 2017, the index quotation showed a downward trend. The index quotation recorded at 18.94 on 3 January 2017 and decreased to 15.16 on 29 December 2017. The index of approximately 19.0 which the Annual Caps are set at near the higher end of the index quotation during the past two years and given the volatility of the index quotation during the same period, we consider that it is prudent to set the implied index of approximately 19.0 in order to cater for the potential increase in sugar prices and that the Annual Caps are fair and reasonable.

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5. Internal Control

In order to further ensure that the price of raw cane sugar and the other terms of the specific contracts are on normal commercial terms and such price and the other terms offered by China Sugar are not less favourable to the Group than the terms available from independent external suppliers, the Group has adopted internal control procedures as follows:

- (i) the finance department of the Company will make monthly reports to closely monitor the quantity and price of raw cane sugar under the specific contracts and the aggregate transaction amounts to be entered into pursuant to the Master Agreement as of the end of the month during the term;
- (ii) when Techwayson receives orders and quotation requests from its customers, the procurement team of the Company will obtain price quotations from the independent external suppliers based on the order specifications of Techwayson's customers and compare them with the price offered by China Sugar;
- (iii) prior to entering into any specific contracts with China Sugar, the finance department will check whether if entering of such specific contracts will result the aggregate transaction amounts, based on the contract price or estimated price (based on latest quoted index price, in the event that the Price Determination Date is later than the date of the specific contracts), exceeded the relevant Annual Cap. On the Price Determination Date (if it is later than the date of the specific contract), the finance department of the Company will notify the revised aggregate transaction amount to the procurement team of the Company if there is any price increment as compared to the estimated price. If the aggregate transaction amounts exceed the relevant Annual Cap, the procurement team will alert the senior management of the Company. The senior management will then reduce the quantity of raw cane sugar for such specific contracts so that the entering into such specific contract will not result the aggregate transaction amounts with China Sugar exceeded the relevant Annual Cap; and
- (iv) if entering of such specific contracts will result the aggregate transaction amounts exceeded the relevant Annual Cap, the finance department will alert the procurement team of the Company, which in turn will report to the senior management of the Company, the senior management will then either (a) reduce the purchase quantity of the specific contracts; or (b) escalate the issue to the Board to decide whether (i) not to enter into any more specific contracts with China Sugar immediately prior to reaching the Annual Cap or (ii) to revise the Annual Cap in accordance with the relevant requirements under Chapter 14A of the Listing Rules prior to entering into any new transaction with China Sugar.

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In relation to pricing of the sugar, prior to entering into any specific contract with China Sugar, the business department of sugar trading of the Group will ensure that the price is negotiated with China Sugar at arm's length with normal commercial terms and in accordance with the pricing principles as disclosed under the paragraph headed "Pricing and payment" as set out in the Letter from the Board. The business department will forward the proposed price to the finance department for approval and to ensure that the proposed price has followed the pricing principles. Upon reaching an agreement on the price with China Sugar for each specific contract, the business department will then pass the final price and other major terms of the relevant contract to the senior management for final review and approval. In any event, the final price shall not be higher than the price offered by China Sugar to its other customers in similar transactions or the price as quoted in the Index Quotation of the closest month to the delivery date of the sugar as specified in the specific contracts or less favourable than the price offered by independent external suppliers.

We have discussed with the management of the Company for better understanding of the internal control policy. Based on the discussion with the management of the Company, we have conducted the followings:

- (i) as part of our independent work done, we have reviewed the monthly report template which will be prepared by the finance department and noted that the template report includes the list of specific contracts entered or to be entered into pursuant to the Master Agreement and details of the quantity and the purchase price for each specific contract. We consider that the monthly reports which will include the quantity and price of raw cane sugar under specific contracts and the aggregate transaction amounts with China Sugar prepared by the finance department would ensure a timely measure for monitoring the utilisation of the Annual Cap;
- (ii) as part of our independent work done, we have reviewed a sample approval form for entering into a specific contract and noted that independent third party quotations must be obtained before the approval of entering into specific contracts with China Sugar and the price offered by China Sugar must not be higher than the price as stated in such quotations. We have also obtained a list of independent external suppliers which the Company may obtain quotations from. We are given to understand that the Group had established business contact with these suppliers. We consider that the procurement team must obtain quotations from independent suppliers and the price charged by China Sugar should not be higher than such quotations will ensure the connected transactions are at market price or not less favourable than the price offered by independent external suppliers;

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- (iii) as discussed with the management of the Company, the finance department will check, among other things, the monthly report mentioned in (i) above, the contract price or estimated price based on latest quoted index price before entering into specific contract with China Sugar and/or at the Price Determination Date, and communicate the transaction amount to the procurement team and in turn report to the senior management. We consider such measure is effective in monitoring the Annual Cap on a timely basis; and
- (iv) the business department of sugar trading of the Group will ensure that the price is negotiated with China Sugar at arm's length with normal commercial terms and in accordance with the pricing principles as disclosed under the paragraph headed "Pricing and payment" as stated in the Letter from the Board and the finance department will check on the contract price or estimated price based on latest quoted index price before entering into such contract, will ensure segregation of duty in safe guarding the price determination of the specific contracts.

Furthermore, we have discussed with the management of the Company, and noted that the internal controls in applying the pricing principle for contracts to be entered with China Sugar are largely similar with the control procedures with other independent suppliers. We have reviewed the internal control policy of procurement of sugar and noted that the pricing will have to be approved by the general manager of the business department. Afterwards, the approval from the financial controller and the chief executive officer will have to be obtained. We also noted that for contracts with a size of over HK\$50 million, all the directors including the non-executive directors will have to approve such contracts. We have reviewed a board resolution which is signed and passed by all the directors in relation to a sugar procurement contract of over HK\$50 million and noted that such approval agrees with the aforementioned control procedure. As such, we consider that the pricing control procedures with China Sugar, which are largely similar to the internal control procedures with independent suppliers, are effective and sufficient.

Having considered the above, we are of the view that the internal control measures aforementioned are effective and sufficient to ensure and safeguard the transactions contemplated under the Master Agreement (as supplemented and amended by the Supplemental Agreement) to be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders as a whole.

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RECOMMENDATION

Having considered the principal factors and reasons considered as set out above, we are of the view that the terms and conditions of the Master Agreement (as supplemented and amended by the Supplemental Agreement), the transactions contemplated thereunder and the Annual Caps are fair and reasonable, and the entering into such agreement is on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. In addition, the aforementioned internal control procedures are effective and sufficient to ensure and safeguard the transactions contemplated under the Master Agreement (as supplemented and amended by the Supplemental Agreement) to be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend and we also recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Master Agreement (as supplemented and amended by the Supplemental Agreement), the transactions contemplated thereunder and the Annual Caps at the EGM.

Yours faithfully,
For and on behalf of
Messis Capital Limited
Wallace Cheung
Director

Note: Mr. Wallace Cheung is a licensed person registered with the SFC and a responsible officer of MESSIS Capital Limited to carry out type 6 (advising on corporate finance) regulatory activity under the SFO and has over 7 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' and chief executive's interests

As at the Latest Practicable Date, the interests of the Directors and their associates in the shares, underlying shares or debenture of the Company and its associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO), to be entered in the register maintained by the Company pursuant to section 352 of the SFO referred to therein, or to be notified to the Company and the Stock Exchange pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" in the Listing Rules, were as follows:

Name of Director	Capacity and nature of interest	Number of shares (Note 1)	Approximate percentage of shareholding
Mr. Char Shik Ngor Stephen	Share options	1,000,000 (L)	0.07%
Mr. Chen Xian	Share options	10,000,000 (L)	0.66%
Mr. Lau Sai Chung	Personal interest	148,000 (L)	0.01%
	Share options	8,000,000 (L)	0.52%
Ms. Li Jiansheng	Share options	1,000,000 (L)	0.07%
Mr. Liu Feng	Share options	4,000,000 (L)	0.26%
Mr. Liu Zhongxiang	Interest of a controlled corporation (Note 2)	242,105,262 (L)	15.88%
	Share options	15,000,000 (L)	0.98%
Mr. Poon Lai Yin, Michael	Share options	1,000,000 (L)	0.07%

Notes:

1. The letters “L” denote a long position in the Shares respectively.
2. These shares of the Company are held by China Sugar which is 100% owned by Mr. Liu Zhongxiang. By virtue of the SFO, Mr. Liu Zhongxiang is deemed to be interested in the shares of the Company held by China Sugar.

Save as disclosed above, none of the Directors or chief executive of the Company are aware of any other Director or chief executive of the Company who has any interests or short positions in any Shares and underlying shares in, and debentures of, the Company or any associated corporation as at the Latest Practicable Date. Save and except as disclosed, none of the Director or proposed Director is a director or employee of a company which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Substantial shareholders’ interests

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons, other than a Director or chief executive of the Company, has had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholder	Capacity and nature of interest	Number of Shares (Note 1)	Percentage of shareholding
China Sugar Holdings Limited (Note 2)	Registered Shareholder	242,105,262 (L)	15.88%
Guangdong Nanyue Bank First Direct Branch* (Note 3)	Person having a security interest in shares	242,105,262 (L)	15.88%
Mr. Zhang Wei	Registered Shareholder	90,000,000 (L)	5.90%

Notes:

1. The letters “L” denote a long position in the Shares respectively.
 2. 242,105,262 shares of the Company are beneficially owned by China Sugar Holdings Limited, a company wholly owned by Mr. Liu Zhongxiang, and therefore Mr. Liu Zhongxiang is deemed to be interested in these shares of the Company under the SFO.
 3. China Sugar Holdings Limited has provided a share charge in respect of the 242,105,262 shares held by it in favour of Guangdong Nanyue Bank First Direct Branch.
- * *The English translation of Chinese name is used for information purposes only, and should not be regarded as the official English translation of such Chinese names.*

Save for the disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company which will have to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO as at the Latest Practicable Date.

3. COMPETING INTEREST OF DIRECTORS AND ASSOCIATES

As at the Latest Practicable Date, save as disclosed below, none of the Directors or their close associates had interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would fall to be disclosed under the Listing Rules.

Name of Director	Name of company	Nature of interest	Business of such company
Liu Zhongxiang	China Sugar Holdings Limited	Interest of a controlled corporation	Distribution and trading of sugar

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation).

5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors has any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2016, the date of which the latest published audited consolidated financial statements of the Group were made up.

Save as disclosed in this circular, no contract or arrangement in which a Director of the Company is materially interested and which is significant in relation to the business of the Group subsisted as at the Latest Practicable Date.

6. MATERIAL CONTRACT

No material contract, being the contract entered into the ordinary course of business, had been entered into by the Group within the two years immediately preceding the date of this circular.

7. LITIGATION AND POSSIBLE LEGAL ACTION

As at the Latest Practicable Date, no member of the Group is engaged in any litigation or claim of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, the date to which the latest published audited consolidated financial statements of the Group were made up.

9. EXPERT AND CONSENT

The following is the qualifications of the expert who has given opinions or advices which are contained or referred to in this circular:

Name	Qualification
Messis Capital Limited	a licensed corporation under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Mesis had given and had not withdrawn its written consent to the issue of this circular with the inclusion herein of its opinions or reports or letters, as the case may be, and references to its names in the form and context in which they are included.

As at the Latest Practicable Date, Mesis did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Mesis did not have any interests, either direct or indirect, in any assets which had been or were proposed to be acquired, disposed of by or leased to any member of the Group since 31 December 2016, the date to which the latest published audited financial statements of the Company were made up.

10. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Fu Lui, a fellow member of Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, the head office and principal place of business of the Company in Hong Kong is situated at Suite 1501, 15/F, Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Union Registrars Limited, Suites 3301-4, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection at the head office and principal place of business of the Company in Hong Kong at Suite 1501, 15/F, Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Hong Kong during normal business hours on any Business Day for a period of 14 days from the date of this circular:

- (a) this circular;
- (b) the Master Agreement and the Supplemental Agreement;
- (c) the memorandum of association and articles of association of the Company;
- (d) the letter from the Independent Board Committee set out in page IBC-1 of this circular;
- (e) the letter from the Independent Financial Advisor set out in pages IFA-1 to IFA-15 of this circular; and
- (f) the written consent from the Independent Financial Advisor as referred to in the paragraph headed “Expert and Consent” in this appendix.

NOTICE OF EGM



NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of China Uptown Group Company Limited (the “**Company**”) will be held at Suite 1501, 15/F, Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Wednesday, 21 March 2018 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) the master agreement dated 22 January 2018 (as supplemented and amended by the supplemental agreement dated 14 February 2018) (the “**Master Agreement**”) entered into between the Company’s wholly-owned subsidiary, Techwayson Trading Limited (“**Techwayson**”) and China Sugar Holdings Limited (“**China Sugar**”), pursuant to which Techwayson agreed to purchase raw cane sugar from China Sugar for a term of thirty four (34) months, from 1 March 2018 to 31 December 2020 (both days inclusive) (the “**CCT**”) (a copy of which has been produced to the meeting marked “A” and initialed by the chairman of the meeting for identification purpose), and all transactions contemplated thereunder and in connection therewith and any other ancillary documents, be and are hereby approved, confirmed and ratified;
- (b) the proposed annual caps of US\$11,000,000 each for the period from 1 March 2018 to 31 December 2018 and the two years ending 31 December 2020 in respect of the transactions contemplated under the Master Agreement be and are hereby approved;

NOTICE OF EGM

- (c) the directors of the Company be and are hereby authorized for and on behalf of the Company to sign, seal, execute, perfect, perform and deliver all such documents, deeds, agreements and instruments, to agree to such amendments, variations or extension to the Master Agreement and do all such acts, matters and things and take all such steps as they may in their discretion consider necessary, expedient or desirable to implement and/or to give effect to the Master Agreement (and the transactions contemplated thereunder) as they may in their discretion consider to be desirable and in the interests of the Company.”

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

Hong Kong, 6 March 2018

Registered Office:

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head Office and Principal Place of
Business in Hong Kong:*

Suite 1501, 15th Floor
Tower 1, Silvercord
30 Canton Road
Tsimshatsui, Kowloon
Hong Kong

Notes:

1. In order to attend the extraordinary general meeting of the Company to be held on 21 March 2018, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited, Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Thursday, 15 March 2018.
2. A member entitled to attend and vote at the extraordinary general meeting of the Company convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the extraordinary general meeting of the Company to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

NOTICE OF EGM

3. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the office of the Company's head office and principle place of business in Hong Kong at Suite 1501, 15th Floor, Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting. Completion and return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the extraordinary general meeting or any adjournment thereof, should he so wish.
4. As at the date of this notice, the executive Directors are Mr. Liu Feng, Mr. Chen Xian, Mr. Lau Sai Chung and Mr. Liu Zhongxiang and the independent non-executive Directors are Mr. Poon Lai Yin Michael, Mr. Char Shik Ngor Stephen and Ms. Li Jiansheng.
5. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the extraordinary general meeting, the meeting will be postponed. The Company will post an announcement on the website of Company at <http://www.chinauptown.com.hk> and on the HKExnews website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk to notify shareholders of the Company of the date, time and place of the rescheduled meeting.