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## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board (the “Board”) of directors (the “Directors”) of China Uptown Group Company Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim financial results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2017.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2017

		Six months ended 30 June	
		2017	2016
	NOTES	RMB'000	RMB'000
		(unaudited)	(unaudited)
<b>Continuing operations</b>			
Revenue	3	395,957	–
Cost of sales		(313,816)	–
Gross profit		82,141	–
Other income	4	110	3,140
Fair value change on investment properties		38,073	–
Fair value change on held-for-trading investments		6	(7)
Selling and marketing expenses		(1,809)	(4,575)
Administrative expenses		(14,810)	(14,184)
Finance costs		(5,676)	(126)
Profit (loss) before taxation		98,035	(15,752)
Income tax expense	5	(49,242)	(2)
Profit (loss) for the period from continuing operations		48,793	(15,754)

		<b>Six months ended 30 June</b>	
		<b>2017</b>	2016
	<i>NOTES</i>	<b>RMB'000</b>	<i>RMB'000</i>
		<b>(unaudited)</b>	(unaudited)
<b>Discontinued operation</b>			
Profit for the period from discontinued operation	6	—	2,805
Profit (loss) for the period	7	<b>48,793</b>	(12,949)
Attributable to:			
Owners of the Company			
– from continuing operations		<b>42,545</b>	(14,812)
– from discontinued operation		—	1,057
		<b>42,545</b>	(13,755)
Non-controlling interests			
– from continuing operations		<b>6,248</b>	(942)
– from discontinued operation		—	1,748
		<b>6,248</b>	806
		<b>48,793</b>	(12,949)
Basic earnings (loss) per share (in RMB cents)			
From continuing and discontinued operations	9	<b>2.79</b>	(0.90)
From continuing operations		<b>2.79</b>	(0.97)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

*FOR THE SIX MONTHS ENDED 30 JUNE 2017*

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
<b>Profit (loss) for the period</b>	<b><u>48,793</u></b>	<u>(12,949)</u>
Other comprehensive income (expense):		
Exchange difference arising on translation	<b>669</b>	(3,837)
Reclassification of cumulative translation reserve upon disposal of a subsidiary to profit or loss	<u>–</u>	<u>557</u>
	<b><u>669</u></b>	<u>(3,280)</u>
Total comprehensive income (expense) for the period	<b><u><u>49,462</u></u></b>	<u><u>(16,229)</u></u>
Total comprehensive income attributable to:		
Owners of the Company	<b>43,214</b>	(17,035)
Non-controlling interests	<u>6,248</u>	<u>806</u>
	<b><u><u>49,462</u></u></b>	<u><u>(16,229)</u></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2017

		At 30 June 2017 <i>RMB'000</i> (unaudited)	At 31 December 2016 <i>RMB'000</i> (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		18,445	19,359
Investment properties		83,259	–
Deferred tax assets		6,948	3,578
		<u>108,652</u>	<u>22,937</u>
<b>CURRENT ASSETS</b>			
Properties under development		532,582	354,831
Properties held for sales		597,683	891,580
Trade and other receivables	10	93,406	138,068
Held-for-trading investments		46	40
Tax recoverable		–	16,099
Restricted bank deposit		7,887	7,888
Pledged bank deposits		25,317	34,044
Bank balances and cash		19,198	42,795
		<u>1,276,119</u>	<u>1,485,345</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	598,114	744,739
Consideration payable		16,942	16,942
Amount due to a director		10,448	3,160
Tax payable		19,458	–
Secured bank borrowings		73,422	133,539
		<u>718,384</u>	<u>898,380</u>
<b>NET CURRENT ASSETS</b>		<u>557,735</u>	<u>586,965</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>666,387</u>	<u>609,902</u>

	At <b>30 June</b> <b>2017</b> <i><b>RMB'000</b></i> <b>(unaudited)</b>	At 31 December 2016 <i>RMB'000</i> (audited)
<b>NON-CURRENT LIABILITY</b>		
Deferred taxation liabilities	<u>82,897</u>	<u>75,874</u>
<b>NET ASSETS</b>	<u><b>583,490</b></u>	<u>534,028</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	136,015	136,015
Reserves	<u>411,105</u>	<u>367,891</u>
<b>Equity attributable to owners of the Company</b>	<b>547,120</b>	503,906
<b>Non-controlling interests</b>	<u>36,370</u>	<u>30,122</u>
<b>TOTAL EQUITY</b>	<u><b>583,490</b></u>	<u>534,028</u>

Notes:

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2016, except that the Group has added the accounting policy for investment properties.

In addition, the Groups have applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current period:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements, but the application may have impact on disclosures in the consolidated financial statements for the year ending 31 December 2017.

### 3. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e., the executive directors of the Company) in order to allocate resources to the segment and to assess its performance.

The Group's operating segments under HKFRS 8 *Operating Segments* are identified as the following two main operations:

- Property development and investment: this segment primarily develops and sells office premises, commercial and residential properties. This segment also generates rental income from investment properties and achieves gain from the appreciation in the properties' values in the long term. All the Group's activities in this segment are carried out in the People's Republic of China (the "PRC").
- Trading of raw sugar: this segment trades raw sugar on a worldwide basis.

Property development and investment and trading of raw sugar also represent the Group's reportable segments. The segment information reported in this note does not include any amounts for the discontinued operation, which is described in more detail in note 6.

#### Continuing operations

#### *Segment revenue and results*

The following is the analysis of the Group's revenue and results by operating segment for the period under review:

#### Six months ended 30 June 2017 (unaudited)

	<b>Property development and investment RMB'000</b>	<b>Trading of raw sugar RMB'000</b>	<b>Total RMB'000</b>
Revenue	<u>326,157</u>	<u>69,800</u>	<u>395,957</u>
Segment profit	<u>101,892</u>	<u>3,295</u>	105,187
Bank interest income			98
Fair value changes on held-for-trading investments			6
Finance costs			(238)
Unallocated expenses			<u>(7,018)</u>
Profit before taxation from continuing operations			<u>98,035</u>

Six months ended 30 June 2016 (unaudited)

	Property development and investment <i>RMB'000</i>	Trading of raw sugar <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	<u>–</u>	<u>–</u>	<u>–</u>
Segment loss	<u>(10,342)</u>	<u>(22)</u>	(10,364)
Bank interest income			844
Fair value changes on held-for-trading investments			(7)
Finance costs			(126)
Unallocated income			2,296
Unallocated expenses			<u>(8,395)</u>
Loss before taxation from continuing operations			<u>(15,752)</u>

#### 4. OTHER INCOME

	Six months ended 30 June	
	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)
Bank interest income	98	844
Exchange gain	–	2,296
Sundry income	<u>12</u>	<u>–</u>
	<u>110</u>	<u>3,140</u>



## 5. INCOME TAX EXPENSE

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
<b>Continuing operations</b>		
Current tax		
PRC Enterprise Income Tax ("EIT")	<b>16,793</b>	–
PRC Land Appreciation Tax ("LAT")	<b>28,796</b>	–
	<u><b>45,589</b></u>	–
Underprovision in prior periods		
EIT	–	1
Deferred taxation		
Current period	<u><b>3,653</b></u>	<u>1</u>
Income tax expense relating to continuing operations	<u><u><b>49,242</b></u></u>	<u><u>2</u></u>

No provision for Hong Kong Profits Tax has been made as the Group's assessable profit for the current interim period was wholly absorbed by tax losses brought forward.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at progressive rates ranging from 30% to 60% on the appreciation of land value, with certain allowable exemptions and deductions.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

## 6. DISPOSAL OF A SUBSIDIARY (DISCONTINUED OPERATION)

### Disposal of trading of electronic products operation

On 31 December, 2015, the Group entered into a sale and purchase agreement to (i) dispose of its 51% equity interest in Fame Electronics Limited (“Fame”), which carried out all of the Group’s trading of electronic products operation, and (ii) assigned its non-interest bearing shareholder’s loan to an independent third party, at a consideration of HK\$100,000 (equivalent to approximately RMB84,000). The disposal was completed and control of Fame was passed to the acquirer on 30 March 2016.

The profit for the period from discontinued trading of electronic products operation is set out below:

	<b>From 1 January 2016 to 30 March 2016 RMB’000 (unaudited)</b>
Profit of trading of electronic product operation for the period	3,568
Loss on disposal of trading of electronic products operation	<u>(763)</u>
	<u><u>2,805</u></u>

The results of the trading of electronic products operation for the period were as follows:

	<b>From 1 January 2016 to 30 March 2016 RMB’000 (unaudited)</b>
Revenue	–
Other income	3,569
Administrative expenses	<u>(1)</u>
Profit before taxation	3,568
Income tax expense	<u>–</u>
Profit for the period	<u><u>3,568</u></u>

Profit for the period from discounted operation has been arrived at after crediting:

**From  
1 January 2016  
to 30 March, 2016  
RMB'000  
(unaudited)**

Auditor's remuneration	–
Reversal of impairment loss recognised in respect of amount due from a fellow subsidiary	(3,569)
	(3,569)

During the period from 1 January 2016 to 30 March 2016, the trading of electronic products operation spent approximately RMB859,000 in the Group's operating activities and contributed approximately RMB301,000 to the Group's financing cash flows.

Upon the completion, the Company ceased to hold any interest in Fame. The net liabilities of Fame at the date of disposal were as follows:

***Analysis of assets and liabilities over which control was lost***

	As at 30 March 2016 RMB'000
<b>Current assets</b>	
Trade and other receivables	477
Bank balances and cash	157
	634
<b>Current liabilities</b>	
Trade and other payables	(2,646)
Amounts due to the Group excluding Fame	(3,930)
	(6,576)
Net liabilities disposed of	(5,942)

***Gain on disposal of a subsidiary***

	<i>RMB'000</i>
Cash consideration	84
Net liabilities disposed of	5,942
Shareholder's loan assigned	(3,713)
Non-controlling interests	(2,519)
Cumulative exchange difference in respect of the net liabilities of a subsidiary reclassified from equity to profit or loss	<u>(557)</u>
Loss on disposal of Fame	<u><u>(763)</u></u>

***Net cash outflow on disposal of subsidiary***

	<i>RMB'000</i>
Cash consideration received	84
Less: bank balances and cash disposed of	<u>(157)</u>
	<u><u>(73)</u></u>

**7. PROFIT (LOSS) FOR THE PERIOD**

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Profit (loss) for the period from continuing operations has has been arrived at after charging:		
Depreciation of property, plant and equipment	<b>348</b>	392
Net foreign exchange loss	<u><b>516</b></u>	<u>–</u>

## 8. DIVIDEND

No dividends were declared and proposed by the Company during the six months ended 30 June 2017 and 2016.

## 9. EARNINGS (LOSS) PER SHARE

### From continuing and discontinued operations

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

	Six months ended 30 June	
	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
<b>Earnings (loss)</b>		
Earnings (loss) attributable to the owners of the Company for the purposes of calculation of basic earnings (loss) per share	<u><u>42,545</u></u>	<u><u>(13,755)</u></u>
	Six months ended 30 June	
	2017	2016
	'000	'000
	(unaudited)	(unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u><u>1,524,479</u></u>	<u><u>1,524,479</u></u>

### From continuing operations

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

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
<b>Earnings (loss)</b>		
Earnings (loss) for the period attributable to owners of the Company	<b>42,545</b>	(13,755)
Less: profit for the period from discontinued operation	<u>–</u>	<u>(1,057)</u>
Earnings (loss) for the purpose of basic earnings (loss) per share for the period attributable to owners of the Company	<u><b>42,545</b></u>	<u>(14,812)</u>

The denominators used are the same as those detailed above for basic earnings (loss) per share.

### From discontinued operation

Basic earnings per share from discontinued operation for the six months ended 30 June 2016 was RMB0.07 cents per share, calculated based on the profit for the period from discontinued operation of RMB1,057,000 and the denominator detailed above for basic earnings (loss) per share.

No diluted earnings per share has been presented as there was no potential ordinary share in issue for both periods.

## 10. TRADE AND OTHER RECEIVABLES

	At 30 June 2017 <i>RMB'000</i> (unaudited)	At 31 December 2016 <i>RMB'000</i> (audited)
Trade receivables	–	3,289
Less: impairment loss recognised	–	(3,289)
	<u>–</u>	<u>–</u>
Other receivables		
Prepayments, deposits and other receivables	93,406	138,505
Less: impairment loss recognised	–	(437)
	<u>93,406</u>	<u>138,068</u>
	<u><b>93,406</b></u>	<u><b>138,068</b></u>

For trading of raw sugars, the Group allows an average credit period of one to two months upon issue of invoices to its trade customers.

Included in prepayments, deposits and other receivables mainly represented fund advances to constructors, prepaid other taxes and prepaid construction costs.

## 11. TRADE AND OTHER PAYABLES

	At 30 June 2017 <i>RMB'000</i> (unaudited)	At 31 December 2016 <i>RMB'000</i> (audited)
Trade payables	39,827	39,111
Accrued expenditure on construction	121,393	29,938
Other payables and accrued charges	15,373	12,203
Deposits and receipts in advance from pre-sale of properties	421,521	607,092
Receipts in advance from sales of raw sugar	–	56,395
	<u>598,114</u>	<u>744,739</u>

Credit period granted to the Group by suppliers ranges from 0 to 90 days.

The following is an aging analysis of trade payables based on the invoice date at the end of the reporting period:

	At 30 June 2017 <i>RMB'000</i> (unaudited)	At 31 December 2016 <i>RMB'000</i> (audited)
Within 90 days	37,288	38,378
91 – 365 days	2,077	330
Over 365 days	462	403
	<u>39,827</u>	<u>39,111</u>

As at 31 December 2016, the Group's receipts in advance from the sales of raw sugar amounting to approximately RMB56,395,000 carried interest at a rate of 5.3% plus 3-month London Interbank Offered Rate per annum.



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The review of the major business segments of the Group during the six months ended 30 June 2017 (the “Period”) is as follows:

### Property Development and Investment

The Group owned a property development project located in Maoming City (the “Project”), Guangdong Province, the People’s Republic of China (the “PRC”). The Project would be developed into a composite of residential and commercial properties in three phases.

Reference is made to the annual report and the result announcement of the Company dated 27 March 2017 (the “2016 Annual Report and Result Announcement”), the construction of properties of Phase 1 and 2 was completed in second half of year 2016, and the properties were delivered to the customers according to the delivery schedule of sales agreements in second half of year 2016 and in 2017. As a result, the financial performance of the property development business has significantly improved since second half of year 2016. Moreover, as majority of the properties, as stated in the 2016 Annual Report and Result Announcement, were contracted for pre-sale in previous year and recognised as sales in accordance with scheduled delivery, the property development business remain stable during the Period as compared to second half of year 2016.

During the Period, a portion of commercial properties of Phase 1 and 2 of approximately 3,600 square metres was leased and reclassified as investment properties of the Group. Fair value change on investment properties of approximately RMB38,073,000 (2016: Nil) was recorded during the Period.

The construction of Phase 3 of the Project has commenced in 2016 and will be completed in late 2018 and 2019. The total gross floor area of Phase 3 of the Project is approximately 188,000 square metres with residential and commercial properties of saleable floor area of approximately 127,000 square metres, which mainly consists of nine buildings of 32 floors each.

## **Trading of raw sugar**

The Group has started its business in trading of raw sugar since late 2014. During the Period, turnover attributable to the trading of raw sugar business amounted to approximately RMB69,800,000 (2016: Nil). The sales represented the raw sugar acquired from the supplier in Association of South East Asian Nations (“ASEAN”) country and sold to the customer in Europe. The Group will continue to explore business and market opportunities to further expand its trading of raw sugar.

## **MARKET OUTLOOK AND PROSPECTS**

In 2017, the PRC economy remained complicated and tightening policies and measures of the real estate market will remain.

Government policies were tightened as a result of increasing housing price especially in the first and second tier cities. The competition between developers will be intensified. However, driven by urbanisation of second, third tier and satellite cities, the management of the Company is confident that the real estate market in Maoming City will not be materially affected. In particular (1) substantial portion of properties in Phase 1 and 2 of the Project were contracted for pre-sales in year 2015 and early 2016; (2) the property market in Maoming was rather stable during the Period and as anticipated in foreseeable future; and (3) the city transformation created a strong end-user housing demands.

While the Company is cautious in its investment policies, the continuous urbanisation in the PRC and infrastructure development in western Guangdong province, including completion of new regional airport and the China High-speed Railway, the management is optimistic on the pre-sale of Phase 3 of the Project which will be launched in second half year of 2017.

The Group has planned to further diversify its business by both expanding its trading of raw sugar business and exploring other property investment opportunities, including in the PRC and in ASEAN countries.

## FINANCIAL REVIEW

For the Period, the Group has achieved turnover of approximately RMB395,957,000 (2016: Nil). The profit attributable to owners of the Company was approximately RMB42,545,000 (2016: loss of approximately RMB13,755,000). The upsurges in the turnover and improvements in the results, as disclosed in the Company's annual report 2016, were mainly attributable to the recognition of sales from the Phase 1 and 2 of the Project and fair value change on investment properties. During the Period, over 80% (based on the gross saleable area) of the residential properties of Phase 1 and 2, which were classified as properties held for sale of the Group, were delivered and recognised as sales. The majority of the remaining properties of Phase 1 and 2, which were contracted for pre-sale, are scheduled to be delivered and recognised as turnover in second half year of 2017.

For the Period, the Group's operating activities generated a net cash inflow of approximately RMB33,633,000 (2016: approximately RMB169,460,000). As at 30 June 2017, bank balances and cash was approximately RMB19,198,000 (31.12.2016: approximately RMB42,795,000), restricted bank deposit was approximately RMB7,887,000 (31.12.2016: approximately RMB7,888,000) and pledged bank deposit was approximately RMB25,317,000 (31.12.2016: approximately RMB34,044,000).

As at 30 June 2017, the total assets of the Group was approximately RMB1,384,771,000 (31.12.2016: approximately RMB1,508,282,000), representing a decrease of approximately 8%. The decrease was mainly due to the sales of properties of the Phase 1 and 2 of the Project. As at 30 June 2017, the Group's total borrowings decreased to approximately RMB73,422,000 (31.12.2016: approximately RMB133,539,000) as a result of repayment of construction loan during the Period.

As at 30 June 2017, the gearing ratio, expressed as a percentage of total borrowings over net assets was approximately 13% (31.12.2016: approximately 25%) and the current ratio was approximately 1.8 (31.12.2016: approximately 1.7).

## **FINANCE COSTS**

For the Period, the finance costs were approximately RMB5,676,000 (2016: approximately RMB126,000). For the six months ended 30 June 2016, interest expenses of approximately RMB18,743,000 was capitalised as properties under development. The charge mainly comprised of bank borrowings wholly repayable within five years of approximately RMB4,288,000 (2016: approximately RMB126,000) and interest expenses on receipt in advance of approximately RMB1,388,000 (2016: Nil).

## **CAPITAL STRUCTURE**

The issued ordinary share capital of the Company as at 30 June 2017 was approximately HK\$152,448,000 divided into 1,524,478,520 shares of HK\$0.10 each.

## **FOREIGN CURRENCY EXPOSURE**

The Group mainly earns revenues and incurs costs in Renminbi, United States dollars and Hong Kong dollars. The Group's monetary assets and liabilities are denominated in Renminbi, United States dollars and Hong Kong dollars. The Group currently does not have a foreign currency hedging policy. However, the management will monitor foreign exchange exposure closely and consider the use of hedging instruments when the need arises.

## **CHARGE ON ASSETS**

As at 30 June 2017, certain of the Group's leasehold land and buildings and properties under development with an aggregate carrying values of approximately RMB323,944,000 (31.12.2016: approximately RMB324,689,000) were pledged to banks for securing general banking facilities granted to certain subsidiaries of the Company. As at 30 June 2017, banking facilities of approximately RMB73,422,000 (31.12.2016: approximately RMB133,539,000) were utilised and approximately RMB8,686,000 (31.12.2016: approximately RMB9,851,000) were unutilised and available for the Group's future financing.

## **SEGMENT INFORMATION**

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

## **CAPITAL COMMITMENTS**

As at 30 June 2017, the Group had commitments for properties under development contracted for but not provided in the consolidated financial statements of approximately RMB296,660,000 (31.12.2016: approximately RMB427,727,000).

## **EMPLOYEE AND REMUNERATION POLICIES**

As at 30 June 2017, the Group employed 58 (31.12.2016: 66) full time employees in Hong Kong and the PRC. Total remuneration of the Group for the Period was approximately RMB7,407,000 (2016: approximately RMB7,815,000). The Group's emolument policies are formulated on the basis of market trends, future plans and the performance of individuals, which will be reviewed periodically. Apart from provident fund scheme and state-managed social welfare scheme, share options will also be awarded to employees according to assessment of individuals' performance.

## **CONTINGENT LIABILITIES**

As at 30 June 2017, the Group's maximum obligation in respect of the mortgage facilities provided to certain purchasers of the Group's properties amounted to approximately RMB518,299,000 (31.12.2016: approximately RMB535,979,000).

## **DIVIDEND**

No dividend was declared or proposed during the Period. The Directors do not recommend the payment of an interim dividend for the Period.

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as otherwise disclosed, there were neither significant investments held as at 30 June 2017 nor material acquisitions and disposals of subsidiaries during the Period. There is no plan for material investments or capital assets as at the date of this announcement.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

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

Throughout the Period, the Company has complied with all of the Code Provisions of the CG Code except A.6.7.

Under the Code Provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. The whole Board and the auditor of the Company had attended the annual general meeting of the Company held on 23 June 2017 (the "2017 AGM") to answer questions of the shareholders of the Company except that Mr. Poon Lai Yin Michael (chairman of audit committee of the Company) did not attend the 2017 AGM due to other business engagement but he has appointed the other attended Directors as his representative to answer questions of the shareholders of the Company. In the future, the Company will endeavour to encourage all the Directors to attend general meetings of the Company.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Company confirms that all Directors have complied with the required standard set out in the Model Code during the Period.

## **PURCHASE, SALE AND REDEMPTION OF SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

## AUDIT COMMITTEE

The Company established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the CG Code. On 31 December 2015, the Board adopted a set of the revised terms of reference of the Audit Committee, which has brought it in line with the new requirement of the Listing Rules in relation to the internal controls by introducing the concept of the risk management. The revised terms of reference setting out the Audit Committee’s authority, duties and responsibilities are available on both the websites of the Company and the Stock Exchange. The existing Audit Committee has the following three members:

### **Independent Non-executive Directors**

Mr. POON Lai Yin Michael (*Chairman*)

Mr. CHAR Shik Ngor Stephen

Ms. LI Jiansheng

The principal responsibilities of the Audit Committee include making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of such auditors; reviewing the interim and annual reports and accounts of the Group; and supervising the financial reporting process and effectiveness of the risk management and internal control systems of the Group.

The Audit Committee reviewed and made recommendations to the Board for approval of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2017, discussed the accounting policies and practices which may affect the Group with the management and auditor of the Company, reviewed the fees charged by the external auditors and reviewed the effectiveness of risk management and internal control systems of the Group.

## **EVENTS AFTER THE REPORTING PERIOD**

On 13 July 2017, the Company granted a total of 64,000,000 share options (the “Share Options”) to subscribe for 64,000,000 ordinary shares of HK\$0.10 each at exercise price of HK\$0.25 per share with the exercise period from 13 July 2017 to 12 July 2022 to 14 eligible individuals, among which a total of 45,000,000 Share Options were granted to the Directors. Details are set out in the Company’s announcement dated 13 July 2017.

SHINEWING (HK) CPA Limited resigned as the auditor of the Company and Deloitte Touche Tohmatsu was appointed as the auditor of the Company by the Board with effect from 14 July 2017 to fill the casual vacancy following the resignation of SHINEWING (HK) CPA Limited and to hold office until the conclusion of the next annual general meeting of the Company. Details are set out in the Company’s announcement dated 14 July 2017.

Save as otherwise disclosed, the Group does not have any material subsequent event after the reporting period and up to the date of this announcement.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This results announcement is available for viewing at the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and at the website of the Company at [www.chinauptown.com.hk](http://www.chinauptown.com.hk). The interim report will be dispatched to the shareholders of the Company and published on the above websites as soon as practicable.

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

Hong Kong, 29 August 2017

*As at the date of this announcement, the Board 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, Mr. Char Shik Ngor Stephen and Ms. Li Jiansheng.*