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**China Uptown Group Company Limited**

**中國上城集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2330)**

## **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORTS FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2022**

Reference is made to the annual report of China Uptown Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the years ended 31 December 2021 and 2022 published on 31 March 2023 (the “**2021 Annual Report**”) and 27 April 2023 (the “**2022 Annual Report**”) respectively. Unless otherwise stated, capitalized terms used herein shall have the same meanings as defined in the 2021 Annual Report and 2022 Annual Report.

The Board would like to provide further information in relation to (i) allowance recognized on properties under development and (ii) allowance recognized on properties held for sale as disclosed in the 2021 Annual Report and the 2022 Annual Report as below:

### **Basis of Valuation**

The Group engaged Norton Appraisals Holdings Limited (the “**Valuer**”), an independent professional property valuer, which has appropriate qualification and recent experience in the valuation of similar properties in the relevant locations. Both of the properties under development and the properties held for sale were valued individually on market value basis, which is defined by The Hong Kong Institute of Surveyors as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”. The valuations have been prepared in accordance with The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors.

## **Valuation Methodology for Properties held for Sale**

In valuing the property interest which is held for sale (the “PHS”) by the Group in the PRC, the direct comparison approach was adopted by making reference to relevant comparable as available in the markets and also the investment approaches for the portion of the PHS which is currently held for investment purpose.

## **Valuation Methodology for Properties under Development**

In valuing the property interest which is held under development (the “PUD”) by the Group in the PRC, the property interest has been valued on the basis that the property will be developed and completed in accordance with the Group’s latest development proposal provided to the Valuer. In arriving at the Valuer’s opinion, the direct comparison approach was adopted by making reference to comparable transactions in the locality and residual method which taken into account the budget construction cost and improvement cost of the development to reflect the development potential of the PUD and the quality of the completed development.

## **Valuation Assumptions for PHS and PUD**

It is assumed that the Group has valid and enforceable title to the PUD which is freely transferable, and have free and uninterrupted rights to use the same, for the whole of the unexpired land use terms granted, subject to the payment of annual land use fees and all requisite land premium or purchase consideration payable having been fully settled.

The valuation has been made on the assumption that the Group sells the PUD on the market without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements which could serve to affect the value of the PUD. In addition, no account has been taken of any option or right of pre-emption concerning or affecting sales of the PUD and no forced sale situation in any manner is assumed in the valuation.

No allowance has been made in the valuation for any charges, mortgages or amounts owing on the PUD or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the PUD is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

## **Reason for using the Method**

There has been no change from the valuation technique used during the years ended 31 December 2021 and 2022. During the years ended 31 December 2021 and 2022, in view of continuous slow turnover of the properties held for sale and downturn of the property market in the PRC, the management of the Group then assessed the net realisable values of the properties held for sale and properties under development as at 31 December 2021 and 2022, with reference to the valuations conducted by the Valuer. The net realisable values of the Group’s properties held for sale and properties under development were arrived at by the Valuer with reference to transaction prices of comparable properties in the similar or same locations

with adjustments made according to nature of each property and its specific location and condition.

During the year ended 31 December 2022, the management of the Group worked closely with the Valuer to establish the appropriate valuation techniques and inputs to the model and explain the cause of fluctuations in the net realisable values of the PUD and PHS to the Directors, after considering the results of valuations conducted by the Valuer and recent sales transactions, has determined that the net realisable values of properties held for sales and properties under development are less than their carrying amounts and an allowance of approximately RMB5,222,000 (2021: RMB302,818,000) and RMB48,187,000 (2021: RMB71,026,000) has been recognised in the profit or loss respectively.

Save as disclosed above, all other information set out in the 2021 Annual Report and the 2022 Annual Report remains unchanged.

### **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 27 May 2022 and will remain suspended until further notice.

By order of the Board  
**China Uptown Group Company Limited**  
**Pan Shimin**  
*Chairman*

Hong Kong, 28 November 2023

*As at the date of this announcement, the executive Directors are Mr. Pan Shimin, Mr. Chen Xian, Mr. Cheng Chi Kin, Mr. To Kwan and Mr. Zhang Xiao Jun; and the independent non-executive Directors are Mr. Yau Sze Yeung, Mr. Chen Weijiang and Mr. Lee Chun Tung.*