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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)

FULFILMENT OF ALL RESUMPTION GUIDANCE AND RESUMPTION OF TRADING

This announcement is made by China Uptown Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2)(a) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

References are made to the announcements of the Company (i) dated 29 March 2022, 29 April 2022, 20 May 2022, 26 May 2022, 19 August 2022 and 31 August 2022 in relation to, among other matters, the delay in publication of annual results for the year ended 31 December 2021, delay in dispatch of 2021 Annual Report, postponement of board meeting and delay in the publication of interim results for the six months ended 30 June 2022; (ii) dated 1 August 2022 in relation to, among other things, the resumption guidance (the “**Resumption Guidance**”) for the trading of shares in the Company; (iii) dated 5 September 2022, 31 October 2022, 29 November 2022, 24 February 2023, 30 May 2023 and 24 August 2023 in relation to, among others, quarterly update on resumption progress; (iv) dated 17 March 2023 in relation to the audited annual results of the Group for the year ended 31 December 2021; (v) dated 24 March 2023 in relation to the unaudited interim results of the Group for the six months ended 30 June 2022; (vi) dated 31 March 2023 in relation to the Annual Results for the year ended 31 December 2022; (vii) dated 14 April 2023 in relation to the Supplemental Announcement on the Annual Results for the year ended 31 December 2021; and (viii) dated 21 April 2023 in relation to the Key Findings of Internal Control Review (collectively, the “**Announcements**”).

Capitalised terms used herein shall have the same meanings as defined in the Announcements unless otherwise stated herein.

BACKGROUND

As disclosed in the announcements of the Company dated 28 January 2022 and 10 February 2022, on or about 27 January 2022, the Board was informed that the bank accounts of two of the Group's subsidiaries, Maoming Huada Real Estate Development Limited* (茂名市華大房地產開發有限公司) (“**Maoming Huada**”) and Maoming Shang Cheng Real Estate Company Limited* (茂名上誠置業有限公司) (“**Maoming Shang Cheng**”) (collectively, the “**Maoming Subsidiaries**”) were frozen by the Security Bureau of Zhangjiang City (“**Security Bureau**”) in January 2022 due to its investigation on an associate of two former executive Directors (the “**Subject Party**”) for alleged loan fraud.

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.

RESUMPTION GUIDANCE

As disclosed in the announcement of the Company dated 1 August 2022, the Stock Exchange set out the Resumption Guidance as follows:

- (a) publish all outstanding financial results required under the Listing Rules and address any audit modifications (“**Resumption Guidance 1**”);
- (b) conduct an independent forensic investigation into the issues causing additional audit procedures being required for the audit of the Group's 2021 Audited Annual Results, assess the impact on the Company's business operation and financial position, announce the findings and take appropriate remedial actions (“**Resumption Guidance 2**”);
- (c) demonstrate that there is no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence (“**Resumption Guidance 3**”);
- (d) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules (“**Resumption Guidance 4**”);
- (e) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules (“**Resumption Guidance 5**”); and
- (f) inform the market of all material information for the Company's shareholders and investors to appraise the Company's position (“**Resumption Guidance 6**”).

FULFILMENT OF ALL RESUMPTION GUIDANCE

The Board is pleased to announce that all Resumption Guidance has been fulfilled as at the date of this announcement, details of which are set out below.

1. Resumption Guidance 1 - *publish all outstanding financial results required under the Listing Rules and address any audit modifications*

The Company had published all the outstanding financial results as required under the Listing Rules in satisfaction of Resumption Guidance 1, including (i) the audited annual results for the year ended 31 December 2021 on 17 March 2023 (“**FY 2021 Annual Results**”); (ii) the interim results for the six months ended 30 June 2022 on 24 March 2023 ; (iii) the annual results for the year ended 31 December 2022 on 2 April 2023 (“**FY 2022 Annual Results**”); and the interim results for the six months ended 30 June 2023 on 31 August 2023 (“**FY 2023 Interim Results**”).

McMillian Woods (Hong Kong) CPA Limited (“**McMillian Woods**”), the auditor of the Company, has issued clean audit opinion in its auditor’s report on the Group’s consolidated financial statements for each of the financial years ended 31 December 2021 and 31 December 2022. Please refer to the 2021 Annual Report published on 31 March 2023 and 2022 Annual Report published on 28 April 2023 for further details.

As of the date of this announcement, the Company has no outstanding financial results required by the Listing Rules to be published.

Based on the foregoing, the Board is of the view that the Company has adequately fulfilled Resumption Guidance 1.

2. Resumption Guidance 2 – *conduct an independent forensic investigation into the issues causing additional audit procedures being required for the audit of the Group’s 2021 Audited Annual Results, assess the impact on the Company’s business operation and financial position, announce the findings and take appropriate remedial actions*

On 28 January 2022, when the Board was informed of the freezing of the bank accounts of the Maoming Subsidiaries (“**Bank Accounts**”), on the same date Mr. Liu Feng tendered his resignation to the Board as the chairman of the Board and an executive Director due to his personal health reason, and Mr. Liu Zhongxiang tendered his resignation to the Board as an executive Director due to his intention to devote more time on his other business pursuits that he may not have sufficient time for his then directorship with the Company. Each of them had confirmed that they had no disagreement with the Board and there were no issues relating to their resignations that needed to be brought to the attention of the shareholders of the Company and the Stock Exchange.

On 10 February 2022, Mr. Lau Sai Chung tendered his resignation to the Board as an executive Director, chief executive officer and authorized representative of the Company and all other positions of the Group due to his intention to focus on other business commitments, and Mr. Fu Lui tendered his resignation as the financial controller, company secretary and authorized representative of the Company and all other positions of the Group (the resignations of Mr. Liu Feng, Mr. Liu Zhongxiang, Mr. Lau Sai Chung and Mr. Fu Lui are collectively referred to as the “**Resignations**”). Each of them had confirmed that they had no disagreement with the Board and there were no issues relating to their resignations that needed to be brought to the attention of the shareholders of the Company and the Stock Exchange.

Since the Resignations occurred shortly after the freezing of the bank accounts was known to the Company, the then Audit Committee was of the view that investigation into the nature of the freezing of the Bank Accounts and the Resignations as well as any possible relationship exists between the two incidents was necessary. In March 2022, an independent international professional firm (the “**Independent Forensic Consultant**”) was appointed to conduct an independent investigation (“**Initial Investigation**”) and to prepare an investigation report in respect of the incidents.

On 19 August 2022, the Board resolved to establish an independent investigation committee (“**Independent Investigation Committee**”), comprising all the independent non-executive Directors, namely Mr. Yau Sze Yeung, Mr. Chen Weijiang and Mr. Lee Chun Tung, for the purpose of investigating into the freezing of the Bank Accounts and the 14 unauthorized transactions identified in the Initial Investigation, reporting the findings and making recommendations to the Board. Mr. Yau Sze Yeung was appointed the chairman of the Independent Investigation Committee.

On 27 September 2022, the Company and the Independent Investigation Committee received an independent investigation report (“**Initial Investigation Report**”) issued by the Independent Forensic Consultant. Based on the procedures performed by the Independent Forensic Consultant including but not limited to the interviews with the relevant Directors of the Company, personnel of the Maoming Subsidiaries and the Company’s PRC legal advisor in conjunction with the review of relevant documentations, it was noted that the freezing of the Bank Accounts was primarily caused by the investigation of the Subject Party by the Security Bureau and there were no apparent connections identified between the freezing of the Bank Accounts and the Resignations. Subsequently on 5 July 2023, the Investigation Committee resolved to mandate the Independent Forensic Consultant to conduct further investigation into the facts and circumstances leading and relating to the freezing of the Bank Accounts and 14 alleged unauthorized payments identified in the Initial Investigation and to conduct further interviews to supplement the Initial Investigation (“**Supplemental Investigation**”, together with the Initial Investigation, the “**Forensic Investigations**”).

On 27 September 2023, the Independent Forensic Consultant issued to the Investigation Committee a supplemental report on the key findings on the Supplemental Investigation (the “**Supplemental Investigation Report**”, together with the Initial Investigation Report, the “**Forensic Investigation Reports**”). During the course of the Supplemental Investigation, the Independent Forensic Consultant interviewed selected staff and

management of the Maoming Subsidiaries and selected members of the Board of Directors of the Company. It also considered the legal opinion of 廣東邦儀律師事務所 (the “**PRC Legal Advisor**”) dated 8 August 2023.

Key findings of the Forensic Investigation Reports are summarised below:

(i) Freezing of the Bank Accounts

On or about 27 January 2022, the Board was informed that the Bank Accounts were frozen and could not be operated due to the investigation by the Security Bureau on the Subject Party for alleged loan fraud. From May 2020 to February 2021, the Subject Party was authorized by a minority shareholder of Maoming Huada to act as the shareholder’s representative. From 26 January 2011 to 7 February 2014, the Subject Party was the executive Director, authorized representative and manager of Maoming Huada.

Since the Bank Accounts were frozen, the Maoming Subsidiaries, through their legal advisor, made enquiries to the Security Bureau and learnt that the Subject Party represented to the investigator of the Security Bureau that the shares owned by a minority shareholder in Maoming Shang Cheng was his personal assets. According to the Company’s understanding, for the sake of prudence, the Security Bureau temporarily froze all assets that may possibly be related to the Subject Party, including the Bank Accounts of the Maoming Subsidiaries.

On 24 February 2022, the PRC local authority initiated a meeting with the Bank to resolve the matter. In the meeting, representatives of the PRC local authority and the Bank informed the Maoming Subsidiaries that they should sign the Custodian Agreement to have the Bank Accounts unfrozen.

On 9 March 2022, the Maoming Subsidiaries entered into the Custodian Agreement with the Bank and the Bank Accounts were unfrozen. The Bank Accounts have since then been operated jointly by the Bank and the Maoming Subsidiaries.

The Maoming Subsidiaries have not received any notice or document from the Security Bureau or PRC Court requiring them to participate in the investigation or proceedings of the Subject Party. Further, the Maoming Subsidiaries are not parties to the said proceedings and not directly related to the Subject Party. During the interviews with the former executive Directors and senior management of the Company by the Independent Forensic Consultant, no apparent connections between the freezing of the Bank Accounts and the Resignations were identified.

On 11 May 2023, the PRC Legal Advisor issued a letter to the Bank requesting for immediate termination of the arrangements provided in the Custodian Agreement. However, up to the date of this announcement, the Company and/or any of the Maoming Subsidiaries have not received any formal reply from the Bank. Therefore, the Bank Accounts are still jointly operated by the Bank and the Maoming Subsidiaries, and the Custodian Agreement shall remain in force until the Bank consents to terminate the same.

Nonetheless, the Maoming Subsidiaries can apply to the Bank for using funds in the Bank Accounts based on their actual operational needs and the Custodian Agreement does not affect the ordinary business operations of the Maoming Subsidiaries. Since the Custodian Agreement becoming effective on 9 March 2022, the Company confirmed that the transactions submitted by the Maoming Subsidiaries have all been approved and processed by the Bank. To date, the Maoming Subsidiaries confirmed that they have not encountered any difficulties in making various payments using the funds in the Bank Accounts.

(ii) The Alleged Unauthorized Payments

During the Initial Investigation, the Independent Forensic Consultant conducted a sample document inspection of Maoming Shang Cheng and Maoming Huada by checking a sample of 28 payment transactions from the Bank Accounts which took place between 1 January 2021 and 28 February 2022 (the “**Transactions Sample**”). The Transactions Sample was selected to mainly cover third-party payments to related parties and payments to individuals exceeding certain thresholds as well as other payments approved by the Subject Party during the period. The Independent Forensic Consultant noted that 14 of the Transactions Sample involving a total sum of approximately RMB142.85 million lacked proper approval or supporting documentation (the “**Alleged Unauthorized Payments**”). To ascertain whether there were other forms of approval or authorization other than written approval in respect of the 14 Transactions Sample and why the payments were made despite lack of written approval, the Company agreed that further investigations by the Independent Forensic Consultant were necessary.

The Independent Forensic Consultant further noted that the Alleged Unauthorized Payments could be categorized into (a) short-term loans in the sum of RMB98 million; (b) repayments in the sum of RMB24 million; (c) payments to contractors/ vendors in the sum of RMB15.85 million; and (d) loan to minority shareholders in the amount of RMB5 million. The short-terms loans and loans to minority shareholders were granted without written loan agreements but were repaid in full subsequently. The repayments of loans to a supervisor of Maoming Shang Cheng and the former Chairman of the Company were not properly reflected in the accounting entries and records. The payments to contractors/ vendors were made in absence of proper approval and supporting documents.

Prior to the finalization of the Initial Investigation Report, Deloitte Touche Tohmatsu (“**Deloitte**”), the then auditor of the Company, made requests that the scope of the Forensic Investigation should be extended to cover more transactions in addition to the Transactions Sample. In view of the requests from Deloitte, the Independent Forensic Consultant selected another 46 transactions comprising transactions in the categories of (i) payments to related parties and payments to individuals achieving an overall coverage of 99%; (ii) payments in relation to construction achieving an overall coverage of approximately 50%; and (iii) intercompany transactions each of which exceeding RMB10 million, involving a total sum of approximately RMB224 million which took place between 1 January 2021 and 28 February 2022 (“**Extended Scope Transactions**”) for further

discussion with Deloitte. After reviewing the Extended Scope Transactions, the Audit Committee and the Board concluded that the majority of the Extended Scope Transactions were either ordinary business transactions or transactions with similar nature that were already covered in the draft Initial Investigation Report. On 3 August 2022, the Chairman of the Audit Committee informed Deloitte that after considering the draft Initial Investigation Report and discussing with the members of the Board, the Audit Committee concluded that the scope of the forensic investigation was sufficient to serve the purposes of understanding the nature of the freezing of the Bank Accounts and identifying internal control deficiencies of the Company. Extending the scope of the Forensic Investigation was, therefore, not necessary as this would further delay the audit for the financial year ended 31 December 2021.

The Audit Committee recommended the Board to include the Extended Scope Transactions in the independent internal control review. The Extended Scope Transactions were subsequently reviewed by an independent internal control review consultant, and the Company adopted the recommendations and implemented remedial measures to address the internal control weaknesses identified in the independent internal control review report. For details please refer to the section headed “Resumption Guidance 4”.

Before its acceptance as auditor of the Company, McMillian Woods performed its acceptance procedures to understand the circumstances of the Company and assess the audit issues including those raised by Deloitte. It had reviewed the final draft of the Initial Investigation Report, the resignation letter and the audit clearance letter issued by Deloitte. As part of the acceptance process, McMillian Woods examined the underlying vouchers and supporting documents of all transactions (including the Alleged Unauthorized Payments) under the Extended Scope Transactions. Based on its review of the said supporting documents, McMillian Woods concurred with the view of the Board that the majority of the Extended Scope Transactions were either ordinary business transactions or transactions that lacked proper approval or supporting documentation similar to the Alleged Unauthorized Payments.

McMillian Woods had performed its independent audit procedures for the financial years ended 31 December 2021 and 31 December 2022 covering the period of the transactions of the Alleged Unauthorized Payments which took place between 1 January 2021 and 28 February 2022, including but not limited to (i) obtaining and reviewing both the Investigation Reports and the Group’s ledger and vouchers in relation to Alleged Unauthorized Payments; (ii) obtaining and examining the underlying vouchers and supporting documents; and (iii) arranging and receiving audit confirmation with relevant parties. Upon completion of the audit procedures, McMillian Woods issued clean audit opinion in its auditor’s report on the Group’s consolidated financial statements for the each of the financial years ended 31 December 2021 and 31 December 2022 on 17 March 2023 and 31 March 2023 respectively.

(iii) The Short-Term Loan

As disclosed in the announcement of the Company dated 31 October 2022, a short-term loan of RMB50 million was provided by the Maoming Subsidiaries in April 2021 to assist a third-party company obtaining bank fund proof (the “**Short-Term Loan**”), which was repaid to the Maoming Subsidiaries in one week’s time. Since one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Short-Term Loan exceeds 25%, the said transaction constituted a major transaction for the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement, circular and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

The failure by the Company to make a timely disclosure of the Short-Term Loan was unintentional and due to its inadvertence. Since the Short-Term Loan was repaid to the Maoming Subsidiaries in April 2022 already, no shareholders’ approval is necessary. An announcement providing information in relation to the Short-Term Loan shall be published to comply with the Listing Rules.

View of the Board and the Independent Investigation Committee

Having considered the findings in the Forensic Investigation Reports, the Independent Investigation Committee noted that the freezing of the Bank Accounts was primarily caused by the investigation of the Subject Party by the Security Bureau, which was not related to the Maoming Subsidiaries or any other member of the Group.

In view of the above, the Independent Investigation Committee is of the view that the findings of the Forensic Investigation Reports revealed deficiencies and weaknesses in the Company’s corporate governance and internal control system in four categories, namely: (a) deficiencies in the payment approval policy of the Group; (b) lack of written approval and supporting documents for payments to connected parties; (c) lack of internal control policies regarding connected transactions; and (d) deficiencies in the procurement and price comparison procedures.

The Independent Investigation Committee has recommended the Board to adopt the findings of the Forensic Investigation Reports and to undertake an internal control review to improve and strengthen the Group’s internal control system. The Board concurs with the recommendation and takes steps to address the internal control deficiencies and weaknesses identified. For details please refer to the section headed “Resumption Guidance 4”.

Based on the foregoing, the Board is of the view that the Company has adequately fulfilled Resumption Guidance 2.

3. Resumption Guidance 3 – *demonstrate that there is no reasonable regulatory concern about management integrity and/or the integrity of any persons with substantial influence over the Company’s management and operations, which may pose a risk to investors and damage market confidence*

As disclosed in the Company’s announcement dated 31 October 2022 in relation to the Initial Investigation, the freezing of the Bank Accounts was solely due to the Security Bureau’s investigations of the Subject Party. Upon executing a Custodian Agreement with the Bank, the Bank Accounts can be operated normally with the supervision of the Bank.

The Independent Forensic Consultant had confirmed during the interviews with the management of the Maoming Subsidiaries that the Subject Party, being a former Executive Director, authorized representative and manager of Maoming Huada, no longer holds any position within the Maoming Subsidiaries and/or other position within the Group. Pursuant to the legal opinion issued by the PRC legal advisor dated 8 August 2023, the Subject Party does not directly or indirectly hold any shareholdings in Maoming Huada. The current management of the Maoming Subsidiaries are not related to the Subject Party and are not involved in the Security Bureau’s investigation and legal proceedings on the Subject Party.

Subsequent to the incident of freezing of the Bank Accounts, the Company has appointed six new directors to bring a wealth of experience in corporate governance, industrial experience, business operation and management to the Board. In particular, the appointments of (a) an executive Director and the chairman of the Company Mr. Pan Shimin, who has over twenty years of corporate and project management experience; (b) an executive Director and the chief executive officer of the Company Mr. Cheng Chi Kin, who has ample experience in corporate governance and management in property development; (c) an executive Director, Mr. To Kwan, who is conversant with corporate governance, accounting, internal control and having ample experience of working as chief financial officer of various companies listed on the Stock Exchange; and (d) an executive Director of the Company Mr. Zhang Xiao Jun, who has extensive experience in reorganizing and streamlining financial operations and corporate governance, can enhance the Board’s supervision and monitoring of its business operation.

After the new appointments, six out of eight Directors are new directors who were appointed after the incident of the freezing of Bank Accounts and revelation of the Alleged Unauthorised Payments.

With reference to the relevant experience and qualifications of the Directors and the findings of the Forensic Investigations, the Company considers that they are competent and suitable to act as the directors of the Company.

In light of the above, the Company is of the view that there is no reasonable regulatory concern about the management integrity and/or the integrity of any persons with substantial influence over the Company’s management and operations, which may pose a risk to investors and damage market confidence.

Based on the foregoing, the Board is of the view that the Company has adequately fulfilled Resumption Guidance 3.

4. Resumption Guidance 4 – *conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules*

The Company engaged BT Corporate Governance Limited as an independent internal control review consultant (“**IC Consultant**”) on 26 October 2022 to carry out the internal control review (“**IC Review**”) over the internal control systems and procedures of the Group from 24 October 2022 to 17 February 2023 and recommend remedial measures for any internal control procedures identified out of the IC Review.

The scope of the IC Review covered the following aspects and operating cycles of the Group:

- (i) the overall corporate governance environment;
- (ii) funds and bank accounts management cycle;
- (iii) financial management cycle;
- (iv) project tender management cycle;
- (v) project budget management cycle;
- (vi) project progress monitoring cycle;
- (vii) pre-sale, sales and collection cycle;
- (viii) property leasing management cycle;
- (ix) procurement, payment and expenses management cycle;
- (x) fixed assets management cycle;
- (xi) human resources and payroll management cycle;
- (xii) financial reporting and information disclosure procedures cycle; and
- (xiii) information system risk management cycle

On 2 March 2023, the IC Consultant issued a report of the IC Review (the “**Initial IC Review Report**”) covering its findings, recommendations, the Board’s response and remedial status of the internal control deficiencies and weaknesses. The Company had published an announcement on 21 April 2023 accordingly.

The IC Consultant identified four key internal control weaknesses, namely: (a) deficiencies in the payment approval policy of the Group; (b) lack of written approval and supporting documents for payments to connected parties; (c) lack of internal control policies regarding connected transactions; and (d) deficiencies in the procurement and price comparison procedures. Subsequently on 29 September 2023, the IC Consultant issued a supplemental report of the IC Review (the “**Supplemental IC Review Report**”, together with the Initial IC Review Report, the “**IC Review Reports**”). For details of the Initial IC Review Report, key internal control weaknesses of the Group and the views of the Audit Committee and the Board, please refer to the announcement of the Company dated 21 April 2023.

Remedial actions carried out by the Company

The Company has adopted the IC Consultant's recommendations and taken remedial measures to address the key internal control weaknesses identified. For instance:

- (i) The Group has revised its Financial and Management Policy and pursuant to the revised policy:
 - (a) all payment transactions to third parties exceeding RMB5 million shall be approved by the Board of the Company;
 - (b) all payments to connected parties of the Group, regardless of the amount, must be approved by the Board of the Company; and
 - (c) all loans, borrowing or payments which are not in the ordinary course of business of the Company, regardless of the amount and the identity of the counterparty, must be approved by the Board of the Company.
- (ii) The Group has prepared an internal control manual regarding its continuous disclosure responsibilities, which specifies the principles and procedures for disclosure as per Chapter 14 – Notifiable Transactions of the Listing Rules.
- (iii) The Group has also compiled a Connected Transaction Manual and Guidelines and a List of Connected Parties, which will be updated by the Company's Company Secretary from time to time in a timely manner.
- (iv) The Group requires the Maoming Subsidiaries that whenever a payment is requested, a "Payment Request Form" must be prepared together with the appropriate supporting documents, e.g. contracts (including but not limited to loan agreements, if applicable), delivery notes, invoices, etc, and approved by the designated person-in-charge of the Maoming Subsidiaries in accordance with the Approval Matrix under the enhanced internal control policies.
- (v) The Group also enhanced its procurement and price comparison procedures:
 - (a) the procurement assistant would obtain fee quotations from at least two qualified suppliers and conduct price comparison analysis. The general assistant manager and the general manger would then review the same and approve the suitable supplier. The fee quotations of all suppliers, including the unsuccessful suppliers, should be retained by the procurement department for record; and
 - (b) the procurement assistant must compile a price comparison analysis in support of every procurement decision. If only one supplier's fee quotation can be obtained, the procurement assistant shall explain the reasons. The price comparison analysis together with all suppliers' quotations would be circulated to the head of the department making procurement applications, the assistant general manager and the general manager for approval.

After reviewing the implementation of the remedial measures by the Company, the IC Consultant considered that its recommendations have been generally implemented and the Company has in place adequate internal controls and procedures to prevent and detect incidents similar to the Alleged Unauthorized Payments in future and to meet its obligations under the Listing Rules.

View of the Board and the Audit Committee

Having considered the IC Review Reports and the remedial measures taken by the Group, the Audit Committee and the Board of the Company are of the view that the remedial measures implemented by the Group are adequate and sufficient to address the key findings of the IC Review Reports and the updated loans and payments approval system can facilitate the Group to prevent similar incidents, i.e. the Alleged Unauthorized Payments, from happening in the future. Therefore, the Audit Committee and the Board of the Company are satisfied that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules.

Based on the foregoing, the Board is of the view that the Company has adequately fulfilled Resumption Guidance 4.

5. Resumption Guidance 5 – *demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules*

The Company is an investment holding company. The principal activities of the Group are (i) property development and investment in the People’s Republic of China (the “PRC”); and (ii) trading of raw sugar.

Despite the disruptions in construction and sale and delivery of completed units during the pandemic, the Group’s property development and investment in the PRC, which has been the Group’s main contributor of revenue and profit, has been as a whole operated as usual.

There had been no revenue from trading of raw cane sugar during the financial years ended 31 December 2021 and 2022 while the economy has been recovering slowly after the Covid-19 pandemic. The change in domestic cane sugar demand has been driven by the significant easing of the pandemic situation in China, adjustments for pandemic prevention and control policies and the lifting of the border restrictions between countries. Strong market demand is the key to intensify the supply of sugar consumption, while the supply of cane sugar consumption in turn has an impact on domestic cane sugar prices. The Group will continue to adopt a proactive strategy to respond to the challenging market conditions. It should however be noted that even before the pandemic revenue from trading of raw sugar had never been material to the Group and accounted for only 6.0% and 10.0% of the Group’s total revenue for the financial years ended 31 December 2019 and 2000, respectively.

Sufficient Operations

The Group operates two property development projects located in Maoming City, Guangdong Province, the PRC. The first Maoming Project has been developed into a composite of residential and commercial properties in three phases (the “**First Maoming Project**”). A majority of the commercial and residential properties of the First Maoming Project had been delivered and recognised as sales. The proceeds from sales of the First Maoming Project were used in the development of the second Maoming Project situated at Maoming Jixiang District* (茂名市吉祥小區) (the “**Second Maoming Project**”).

The revenue contributed from the property development and investment business to the Group amounted to approximately RMB60.7 million in 2022 and RMB4.5 million in the first half of year 2023. The decrease in revenue was mainly because the majority of the properties of First Maoming Project had been delivered while the Second Maoming Project is still under development. As at 31 October 2023, the total unsold gross floor area of the First Maoming Project was approximately 1,382 square meters.

The Second Maoming Project has a total site area of approximately 29,000 square meters. The Second Maoming Project is planned to be developed into a composite of residential and commercial properties with a gross saleable area of 84,000 square meters, comprising 59,000 square meters of residential area and 25,000 square meters of commercial area. Due to the pandemic, construction of the Second Maoming Project had been delayed. As at 31 October 2023, approximately 59% of the construction of the Second Maoming Project had been completed (30 June 2023: 52.8%). Construction of the basement, kindergarten and first two blocks of residential buildings had been completed.

The trial pre-sale of the Second Maoming Project started in June 2022. Pre-sale of the commercial properties has been launched in the second half year of 2023. As at 31 October 2023, pursuant to pre-sale agreements which were duly signed, approximately RMB8.5 million of the pre-sale of the commercial properties was concluded. Relevant permission to conduct the pre-sale of the apartment properties has been obtained. Given the current market environment, the pre-sale of the apartment properties shall be launched in the first half of 2024.

Sufficient Assets

As disclosed in the FY2022 Annual Results and the FY2023 Interim Results, the Group recorded:

- (i) total assets of approximately RMB614 million and RMB607 million as at 31 December 2022 and 30 June 2023, respectively;
- (ii) net asset value of approximately RMB200 million and RMB155 million as at 31 December 2022 and 30 June 2023, respectively;
- (iii) cash and cash equivalents of approximately RMB26.7 million and RMB22.9 million as at 31 December 2022 and 30 June 2023, respectively; and

- (iv) properties under development under the Second Maoming Project, properties held for sale under the First Maoming Project and investment properties held for sale under the First Maoming Project of approximately RMB333 million, RMB159 million and RMB0.7 million as at 30 June 2023, respectively (31 December 2022: RMB349 million, RMB170 million and RMB0.7 million, respectively).

The abandonment of COVID-19 controls and boarder reopening in late 2022 has reinvigorated China's economy. With the policy on easing the financing and continuing urbanization and infrastructure development in Maoming and western Guangdong province, the management of the Company expects that the property market will be vigorous again as local demands remain strong.

Sale of the remaining properties of the First Maoming Project will continue and the Group will accelerate the construction progress of the Second Maoming Project to catch up with the pre-sale schedule. With the recovery of the property market in the PRC, it is anticipated that more properties under the Second Maoming Project can be sold, and that a significant part of the property assets of the Group could be realised as cash or cash equivalent. With the net asset value, and cash and cash equivalents of approximately RMB155 million and RMB22.9 million as at 30 June 2023 respectively, the Group has sufficient working capital to support its daily operation. The Board anticipated the Second Maoming Project will strengthen the Group's financial position.

In light of the above, the Company is of the view that the Group has a viable and sustainable business with a sufficient level of operations and assets of sufficient value to support its operations to meet the requirements of Rule 13.24 of the Listing Rules and warrant the continued listing of the Shares on the Stock Exchange.

Based on the foregoing, the Board is of the view that the Company has adequately fulfilled Resumption Guidance 5.

6. Resumption Guidance 6 – *inform the market of all material information for the Company's shareholders and investors to appraise the Company's position*

Since the suspension of the trading of the Shares on 27 May 2022, the Company has, in accordance with the requirements of the Listing Rules, informed the market the latest situation of the Company by way of publication of announcements and financial results including (a) quarterly update on resumption progress; (b) inside information; (c) key findings of Forensic Investigation; (d) internal control review findings; (e) financial results; and (f) other matters relating to the Company.

Based on the foregoing, the Board is of the view that the Company has adequately fulfilled Resumption Guidance 6.

RESUMPTION OF TRADING

By reason of the above, the Company confirms that it has remedied the issues causing the trading suspension and fully complied with the Listing Rules to the Stock Exchange's satisfaction. The Company also confirms that it has fulfilled all the conditions set out in the Resumption Guidance.

Trading in the Shares on the Stock Exchange has been suspended since 27 May 2022. As all the conditions under the Resumption Guidance have been fulfilled, the Company has made an application to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 6 December 2023.

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

Hong Kong, 5 December 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.

**for identification purposes only*