
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your stockbroker, a licensed dealer in securities or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your Shares, you should at once hand the Prospectus Documents to the purchaser(s) or transferee(s) or to the bank, or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). The Prospectus Documents should not, however, be distributed, forwarded or transmitted to, into or from any jurisdiction where to do so might constitute a violation of the relevant local securities laws or regulations.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC and you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

A copy of each of the Prospectus Documents, together with the other document(s) specified in the paragraph headed “17. Documents delivered to the Registrar of Companies” in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of any of the Prospectus Documents or any other document(s) referred to above. The securities described in this Prospectus have not been registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”) or the laws of any state in the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state laws. There is no intention to register any portion of the Rights Shares or any securities described in this Prospectus in the United States or to conduct a public offering of securities in the United States.

Distribution of this Prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession this Prospectus comes should inform themselves of and observe any such restrictions. This Prospectus is not for release, publication or distribution, directly or indirectly, in or into the United States. The provision of this Prospectus to Shareholders in the United States and any other jurisdiction where distribution is restricted is for information purposes only and shall not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Rights Shares or to take up any entitlements to the Rights Shares in the United States or any other jurisdiction in which such an offer or solicitation is unlawful. You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the section headed “Warning of the Risks of Dealing in the Shares and nil-paid Rights Shares” in the “Letter from the Board” of this Prospectus.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and HKSCC take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.



RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE AT A SUBSCRIPTION PRICE OF HK\$0.15 PER RIGHTS SHARE ON A NON-UNDERWRITTEN BASIS

Capitalised terms used on this cover shall have the same meanings as those defined in this Prospectus.

The Rights Issue is on a non-underwritten basis. There is no statutory requirement for a minimum level of subscription in the Rights Issue. The Rights Issue is subject to fulfillment or (where applicable) waiver of the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” in the “Letter from the Board” on pages 9 to 42 of this Prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 6:00 p.m. on Wednesday, 17 July 2024). The conditions include non-occurrence of force majeure events.

If the conditions of the Rights Issue are not fulfilled or (where applicable) waived on or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

Dealings in the Shares have been on an ex-rights basis from Wednesday, 12 June 2024. Dealings in the Rights Shares in their nil-paid form will take place from Tuesday, 25 June 2024 to Wednesday, 3 July 2024 (both dates inclusive). **Any Shareholders or other persons contemplating selling or purchasing Shares and/or Rights Shares in their nil-paid form up to the latest time when the conditions of the Rights Issue are fulfilled or (where applicable) waived (which is expected to be 6:00 p.m. on Wednesday, 17 July 2024) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares and/or the nil-paid Rights Shares, and if they are in any doubt about their position, they are recommended to consult their professional advisers.**

The latest time for acceptance and payment for the Rights Shares and application for excess Rights Shares is 4:00 p.m. on Monday, 8 July 2024. The procedures for acceptance and transfer of the Rights Shares are set out in the section headed “Procedures for acceptance and payment or transfer” in the “Letter from the Board” on pages 9 to 42 of this Prospectus.

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DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following terms or expressions shall have the following meanings:

“AFRC”	the Accounting and Financial Reporting Council in Hong Kong
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted or the Extreme Conditions is announced in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time in effect
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	China Uptown Group Company Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2330)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company for the time being
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for Rights Shares in excess of their provisional entitlements under the Rights Issue

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company held at 11:00 a.m. on Friday, 7 June 2024 at Suite 1501, 15th Floor, Tower 1, Silvercord, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
“Excluded Shareholder(s)”	Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant places or the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue
“Extreme Conditions”	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“GO Obligation”	the obligation to make a mandatory general offer under the Takeovers Code
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	Monday, 8 April 2024, being the last trading day of the Shares on the Stock Exchange before the release of the Company’s announcement dated 8 April 2024
“Latest Placing Date”	Wednesday, 17 July 2024, or such later date as the Company and the Placing Agent may agree in writing, being the latest date for the Placing Agent to place the Unsubscribed Rights Shares
“Latest Placing Time”	6:00 p.m. on the Latest Placing Date

DEFINITIONS

“Latest Practicable Date”	13 June 2024, being the latest practicable date for the purpose of ascertaining certain information for inclusion in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Monday, 8 July 2024 (or such later time or date as may be determined by the Company), being the last day for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares
“Latest Time for Termination”	6:00 p.m. on Wednesday, 17 July 2024, being the latest time for termination of the Placing Agreement and for the Rights Issue to become unconditional
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Letter”	a letter from the Company to the Excluded Shareholder(s) (if any) explaining the circumstances in which the Excluded Shareholder(s) (if any) is/are not permitted to participate in the Rights Issue
“Overseas Shareholder(s)”	Shareholder(s) (whose names appear on the register of members of the Company at the close of business on the Record Date) with registered address(es) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	professional, institutional, corporate or other investor(s), procured by the Placing Agent to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares by the Placing Agent and/or its sub-placing agent(s) to the Placees on the terms and subject to the conditions of the Placing Agreement

DEFINITIONS

“Placing Agent”	China Demeter Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activity under the SFO
“Placing Agreement”	the placing agreement dated 8 April 2024 and entered into between the Company and the Placing Agent in relation to the Placing on a best effort basis
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus (including any supplementary prospectus, if any) to be despatched to the Qualifying Shareholders (and the Excluded Shareholder(s) for information only) in connection with the Rights Issue
“Prospectus Documents”	this Prospectus, the PAL and the EAF and any supplementary prospectus or supplementary provisional allotment letter (if required)
“Prospectus Posting Date”	Friday, 21 June 2024 or such other date as may be determined by the Company, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders (or in case of Excluded Shareholder(s), the Prospectus only)
“Public Float Requirement”	the public float requirement under Rule 8.08 of the Listing Rules
“Qualifying Shareholder(s)”	Shareholder(s), whose names appear on the register of members of the Company as at the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Thursday, 20 June 2024 (or on such other date as the Company may determine), being the date by reference to which Shareholders’ entitlements to the Rights Issue will be determined
“Registrar”	Union Registrars Limited, the Hong Kong branch share registrar and transfer office of the Company

DEFINITIONS

“Rights Issue”	the proposed issue by way of rights on the basis of two(2) Rights Shares for every one(1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price
“Rights Shares”	the new Share(s) proposed to be allotted and issued by the Company pursuant to the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to allot and issue a maximum of 610,714,104 Unsubscribed Rights Shares granted by the Shareholders at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.15 per Rights Share
“substantial shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Unsubscribed Rights Shares”	unsubscribed Rights Shares as a result of the Untaken Rights not being taken up by the Qualifying Shareholders by way of excess application
“%”	per cent

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue. Dates or deadlines specified below and in other parts of this Prospectus are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

All times and dates in this Prospectus refer to Hong Kong local times and dates.

Event	Time and Date (Hong Kong Time)
First day of dealings in nil-paid Rights Shares	Tuesday, 25 June 2024
Latest time for splitting of PALs	4:00 p.m. on Thursday, 27 June 2024
Last day of dealings in nil-paid Rights Shares	Wednesday, 3 July 2024
Latest Time for Acceptance of and payment for the Rights Shares and application for and payment for excess Rights Shares	4:00 p.m. on Monday, 8 July 2024
Announcement of the results of the Rights Issue including the results under the excess applications and the number of Unsubscribed Rights Shares subject to the Placing	Wednesday, 10 July 2024
Commencement of placing of Unsubscribed Rights Shares by the Placing Agent (if there are any available)	Thursday, 11 July 2024
Latest time of placing of Unsubscribed Rights Shares by the Placing Agent	6:00 p.m. on Wednesday, 17 July 2024
Latest time to terminate the Placing Agreement and for the Rights Issue to become unconditional	6:00 p.m. on Wednesday, 17 July 2024
Placing Completion Date	Monday, 22 July 2024
Rights Issue settlement date	Monday, 22 July 2024
Announcement of results of the placing of Unsubscribed Rights Shares by the Placing Agent	Monday, 22 July 2024
Despatch of refund cheques for wholly or partially unsuccessful excess applications, if any	Tuesday, 23 July 2024
Despatch of share certificates for fully-paid Rights Shares	Tuesday, 23 July 2024
Commencement of dealings in the fully-paid Rights Shares	9:00 a.m. on Wednesday, 24 July 2024

EXPECTED TIMETABLE

Pursuant to Rule 2.07A of the Listing Rules and the articles of association of the Company, the Company will disseminate its corporate communications to its Shareholders by electronic means. A notice of the publication of the corporate communications will be provided to the Shareholders when the Company publishes any such corporate communications on its website and the Stock Exchange's website.

On 15 March 2024, the Company sent the one-time notification letters to its registered and non-registered shareholders (being such person or company whose Shares are held in CCASS), respectively. For registered shareholders, the Company announced that a notice of publication of the corporate communications to be published on the website of the Company (www.chinauptown.com.hk) and the Stock Exchange's website (www.hkexnews.hk) will be sent by the Company to Shareholders by email or by post (only if the Company does not possess the functional email address of a Shareholder) on the publication date of the corporate communications. It is the responsibility of the Shareholders to provide email address that is functional. If the Company does not possess the email address of a Shareholder or the email address provided is not functional, the Company will act according to the above arrangements. The Company will be considered to have complied with the Listing Rules if it sends the corporate communications to the email address provided by a Shareholder without receiving any "non-delivery message". For non-registered shareholders, they should liaise with and provide the email address to their Intermediaries. If no functional email address has been provided from the Intermediaries via HKSCC, a printed form of the notice will be sent to them by post at their postal address as provided by HKSCC. Shareholders who wish to receive a printed copy of the corporate communications, should send a request in writing to the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong or by email to 2330-corpcomm@unionregistrars.com.hk.

The Prospectus will be made available to the Shareholders by way of publication on the website of the Company (www.chinauptown.com.hk) and the Stock Exchange's website (www.hkexnews.hk), and a notice will be sent to the relevant Shareholders by email or by post.

The PAL and the EAF, as actionable corporate communications, shall be sent to the Qualifying Shareholders in printed form.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE

Whenever any part of the expected timetable of the Rights Issue may be interrupted by a typhoon, a black rainstorm warning or Extreme Conditions, the Company shall properly inform the Shareholders of the corresponding contingency arrangements, which contingency arrangements shall include the Latest Time for Acceptance not taking place on the time as scheduled:

- (a) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance be extended to 5:00 p.m. on the same Business Day;
- (b) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance be extended to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest time for Acceptance does not take place on or before 4:00 p.m. on Monday, 8 July 2024, the dates mentioned in the section headed “Expected timetable” above may be affected. An announcement will be made by the Company in such event.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue is subject to the fulfilment and/or waiver (where applicable) of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in the “Letter from the Board” of this Prospectus. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. If there is an undersubscription of the Rights Issue as a result of Untaken Rights not being fully taken up by Qualifying Shareholders or transferees of nil-paid Rights Shares, and the Unsubscribed Rights Shares are not fully placed by the Placing Agent, the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

Any dealings in the Shares from the date of this Prospectus up to the date on which all the conditions of the Rights Issue are fulfilled and/or waived (where applicable), and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

LETTER FROM THE BOARD



CHINA UPTOWN

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)

Executive Directors:

Mr. Pang Chung Fai Benny (*Chairman*)
Mr. Fu Yongyuan (*Chief Executive Officer*)
Mr. Zhang Xiao Jun
Mr. Liang Zhichao

Registered Office:

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

Independent non-executive Directors:

Mr. Yau Sze Yeung
Mr. Chen Weijiang
Mr. Lee Chun Tung

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

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

21 June 2024

To the Qualifying Shareholders

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES
FOR EVERY ONE SHARE HELD ON THE RECORD DATE ON
A NON-UNDERWRITTEN BASIS**

INTRODUCTION

Reference is made to the Company's announcement dated 8 April 2024 whereby the Board announced that the Company proposed to conduct the Rights Issue and Placing to raise, before expenses, approximately HK\$91.61 million by issuing up to 610,714,104 Rights Shares on the basis of two (2) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price of HK\$0.15 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to Excluded Shareholders.

LETTER FROM THE BOARD

The purpose of this Prospectus is to provide you with, among other things, further details on the Rights Issue and the relevant financial information and other general information in respect of the Group.

RIGHTS ISSUE

The terms of the Rights Issue are set out as follows:

Issue statistics

Basis of Rights Issue:	Two (2) Rights Shares for every one (1) Share held by a Qualifying Shareholder on the Record Date
Subscription Price:	HK\$0.15 per Rights Share
Net price per Rights Share:	Approximately HK\$0.146 per Rights Share (assuming no changes in the share capital of the Company on or before the Record Date)
Number of Shares in issue as at the Latest Practicable Date:	305,357,052 Shares
Total number of Rights Shares to be issued under the Rights Issue:	Up to 610,714,104 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares:	Up to HK\$6,107,141.04 (assuming no change in the number of Shares in issue on or before the Record Date)
Total number of Shares in issue upon completion of the Rights Issue:	Up to 916,071,156 Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Gross proceeds from the proposed Rights Issue:	Up to approximately HK\$91.61 million (assuming no change in the number of Shares in issue on or before the Record Date)
Net proceeds from the Rights Issue:	Up to approximately HK\$89.2 million (assuming no change in the number of Shares in issue on or before the Record Date)
Right to make excess applications:	Qualifying Shareholders are entitled to apply for the Rights Shares in excess of their provisional allotment

LETTER FROM THE BOARD

Assuming no changes in the share capital of the Company on or before the Record Date, the 610,714,104 Rights Shares proposed to be allotted and issued pursuant to the terms of the Rights Issue represent (i) 200% of the total number of Shares in issue as at the Latest Practicable Date; and (ii) approximately 66.67% of the total number of issued Shares as enlarged by the issue of the Rights Shares immediately upon completion of the Rights Issue.

As at Latest Practicable Date, the Company does not have any derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares. The Company also has no intention to issue or grant any convertible securities, options and/or warrants on or before the Record Date.

The Subscription Price

The Subscription Price of HK\$0.15 per Rights Share is payable in full when a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 31.8% to the closing price of HK\$0.22 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 40.0% to the closing price of HK\$0.25 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (iii) a discount of approximately 31.8% to the average closing price of approximately HK\$0.22 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 31.8% to the average closing price of approximately HK\$0.22 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 22.7% to the theoretical ex-entitlement price of approximately HK\$0.17 per Share based on the closing price of approximately HK\$0.22 per Share as quoted on the Stock Exchange on the Last Trading Day and the number of Shares as enlarged by the Rights Shares;

LETTER FROM THE BOARD

- (vi) a discount of approximately 71.2% to the audited consolidated net asset value per Share attributable to the Shareholders as at 31 December 2023 of approximately HK\$0.52, which is calculated by dividing the audited consolidated net assets of the Group attributable to the Shareholders of approximately RMB148.08 million (equivalent to approximately HK\$159.92 million) as at 31 December 2023 as set out in the annual report of the Company for the year ended 31 December 2023 by the number of Shares in issue as at the Latest Practicable Date; and
- (vii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 21.2%, represented by the theoretical diluted price of approximately HK\$0.17 per Share to the benchmarked price of approximately HK\$0.22 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day; and (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the Last Trading Day).

The net Subscription Price per Rights Share (after deducting the relevant expenses) will be approximately HK\$0.146 per Rights Share.

The Subscription Price was determined with reference to an assortment of factors. In particular, the Directors had taken note of and considered:

- (i) the prevailing market price and recent trading performance of the Shares, which includes the daily closing price and daily trading volume of the Shares from 6 December 2023 to the Last Trading Day (the “**Review Period**”), having considered that trading in the Shares on the Stock Exchange had been suspended from 27 May 2022 to 6 December 2023 (the “**Trading Suspension Period**”). The closing price of the Shares before the Trading Suspension Period was HK\$0.32 per Share. Throughout the Review Period, the closing price of the Shares showed instability, ranging from a low of HK\$0.11 per Share to a high of HK\$0.37 per Share. However, the closing price on the Last Trading Day demonstrated an overall downward trend from HK\$0.32 per Share to HK\$0.22 per Share. Additionally, the average daily trading volume as at the Last Trading Day was approximately 0.06% of the total issued Shares, indicating a lack of liquidity and demand for the Shares;

LETTER FROM THE BOARD

- (ii) the Group's consecutive net losses of approximately RMB78.1 million and RMB51.9 million for the two years ended 31 December 2022 and 2023, respectively. Furthermore, the net asset position of the Group significantly decreased from approximately RMB200.0 million as at 31 December 2022 to approximately RMB148.1 million as at 31 December 2023. The Directors also observed that the market capitalization of the Group consistently fell considerably short of its net asset value during the Review Period, where the market capitalization of the Group during the Review Period ranged from approximately HK\$28.5 million to approximately HK\$113.0 million, which represented a discount of approximately 82.2% and 29.4% respectively to the audited consolidated net asset value per Share attributable to the Shareholders of approximately RMB148.08 million (equivalent to approximately HK\$159.92 million) as at 31 December 2023. This substantial disparity reflects a lack of market confidence in the Group's financial performance, position, and future prospects. As a result, the market value of the Shares no longer accurately reflects the underlying net asset value. Based on a review of companies listed on the Main Board and GEM of the Stock Exchange which announced a rights issue during the 3-month period ended on the date of the Announcement, the Directors have identified an exhaustive list of 16 companies as comparable transactions. Out of all 16 comparable transactions, 10 comparable transactions were conducted on a discount to consolidated net asset value per share, ranging from approximately 25.1% to approximately 96.2%, indicating that the Group's discount to consolidated net asset value per share aligns with the market norm. The Directors observed that the rest of these companies which have not conducted their comparable transactions on a discount to consolidated net asset value per share were mainly either in net liability positions in each of their latest annual reports or had delayed issuing the relevant annual report. The Directors believes that the 16 comparable transactions did not appear to have determined their respective subscription prices using their respective net asset value per share as a reference, indicating that using the net asset value per share as a reference point cannot be established as a market practice. Having considered the significant amount of funding to be raised from this Rights Issue, and pre-emptive nature to enable existing Shareholders' participation, the Board believes that determining the Subscription Price based on the lower end of the prevailing market price during the Review Period, despite it being at a significant discount to the net asset value as at 31 December 2023, is fair and reasonable;
- (iii) the prevailing bearish condition of the Hong Kong stock market during the Review Period, where the average Hang Seng Index (HSI) remained low at 16,327. The HSI fluctuated between a low closing of 14,961 on 22 January 2024 (a 15-month low) and a high closing of 17,094 on 12 March 2024, and subsequently ended at 16,723 as at the Last Trading Day;

LETTER FROM THE BOARD

- (iv) the relatively large fundraising size when compared with the Group's market capitalisation as at the Last Trading Day; and
- (v) the Directors considered that it is reasonable to set the Subscription Price at a discount to the closing price per Share on the Last Trading Day and the consolidated net asset value per Share attributable to the Shareholders in order to enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders and investors to participate, given the abovementioned challenging market conditions, unfavourable price trend and lack of liquidity and demand of the Shares.

The Directors believe that despite the theoretical dilution effect that existing Shareholders will experience as a result of the Rights Issue (see paragraph (vii) above), the Rights Issue will signal the Group's ability to raise new capital and improve its gearing and financial performance by lowering the level of debt and financing costs of the Group through repayment of indebtedness, and continue to grow its business as described in the section headed "Reasons for the Rights Issue, the Placing and Use of Proceeds" in this Prospectus. Based on the foregoing, the Directors consider that the Subscription Price is fair and reasonable, and the Rights Issue is in the interests of the Company and the Shareholders as a whole.

In view of the above, and having considered that all the Qualifying Shareholders will be offered equal opportunity to subscribe for the Rights Shares by way of provisional allotment, the Directors (including the independent non-executive Directors) consider that the terms of the Rights Issue and the Placing Agreement, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the Last Trading Day, the theoretical dilution price, the benchmarked price and the theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) for the Rights Issue were approximately HK\$0.17 per Share, HK\$0.22 per Share and approximately 21.2% respectively. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

Basis of provisional allotment

The basis of the provisional allotments shall be two (2) Rights Shares (in nil paid form) for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date. The PAL relating to the Rights Shares will be posted to the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

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Status of Rights Shares

The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid, the record date of which is after the date of allotment of the Rights Shares in their fully-paid form.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be an Excluded Shareholder.

Investors whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders and investors should consult their professional advisers if they are in any doubt as to their status.

In order to be registered as a member of the Company on the Record Date, a Shareholder must have lodged the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration by no later than 4:00 p.m. on Thursday, 13 June 2024.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company. If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

For Shareholders with an address outside Hong Kong on the register of members of the Company at the close of business on the Record Date, please refer to the paragraph headed "Excluded Shareholders" below.

Excluded Shareholder(s)

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Directors have made enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges.

LETTER FROM THE BOARD

According to the register of members of the Company as at the Latest Practicable Date, there was one Overseas Shareholder whose registered address was located in the PRC, holding 1,000,000 Shares.

Having made reasonable enquiries of the legal requirements regarding the feasibility of extending the Rights Issue to the Overseas Shareholder with registered addresses in the PRC and taking into account the legal advice provided by the PRC legal adviser, the Board is of the view that the relevant overseas legal restrictions and requirements of the regulatory body or Stock Exchange do not make it necessary or expedient to exclude the Overseas Shareholder with registered addresses in the PRC from the Rights Issue. Accordingly, the Board has resolved to extend the Rights Issue to the Overseas Shareholder having registered address in the PRC and such Overseas Shareholder are considered as Qualifying Shareholder.

Accordingly, as at the Latest Practicable Date, there is no Excluded Shareholder for the purpose of this Rights Issue.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

It is the responsibility of any person (including but not limited to Shareholders and beneficial owners of the Shares, any agent, custodian, nominee or trustee) outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith.

Any acceptance of the offer of the Rights Shares by any person by way of completion or return to the Registrar of a PAL and/or an EAF will be deemed to constitute a representation and warranty from such person to the Company that the applicable local laws and requirements have been fully complied with. Such persons should consult their professional advisers if in doubt.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to the representations and warranties provisions above.

The Company reserves the right to treat as invalid any acceptance of or application for Rights Shares where it believes that such acceptance or application would violate applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

LETTER FROM THE BOARD

Notwithstanding any other provision in this Prospectus or the PAL or the EAF, the Company reserves the right to permit any Shareholder to take up his/her/its rights if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.

Distribution of the Prospectus Documents

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date. However, to the extent reasonably practicable and legally permitted, the Company will send this Prospectus and the Overseas Letter, for information purposes only, to the Excluded Shareholders (if any). The Company will not send any PALs or EAFs to the Excluded Shareholders (if any).

Distribution of the Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of the Prospectus Documents (including, without limitation, Shareholders and beneficial owners of the Shares, agents, custodians, nominees and trustees) should inform themselves of and observe any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder or beneficial owner of the Shares who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay.

Receipt of this Prospectus and/or a PAL and/or an EAF or the crediting of nil-paid Rights Shares to a stock account in CCASS does not and will not constitute an offer in any jurisdiction in which it would be illegal to make an offer and, in those circumstances, this Prospectus and/or a PAL and/or an EAF must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this Prospectus and/or a PAL and/or an EAF or whose stock account in CCASS is credited with nil-paid Rights Shares should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer the nil-paid Rights Shares to any person in, into or from, any such jurisdiction. If a PAL or an EAF or a credit of nil-paid Rights Shares in CCASS is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not seek to take up the rights referred to in the PAL or transfer the PAL (or apply for any excess Rights Shares under the EAF) or transfer the nil-paid Rights Shares in CCASS unless the Company determines that such action would not violate any applicable legal or regulatory requirements.

Any person (including, without limitation, agents, custodians, nominees and trustees) who does forward this Prospectus or a PAL or an EAF in, into or from any such jurisdiction (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

No part of the Prospectus Documents should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the prior written consent of the Company.

LETTER FROM THE BOARD

Beneficial owners of the Shares who reside outside Hong Kong should note that the Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

It is the responsibility of the relevant beneficial owners and/or their respective agents, custodians, nominees or trustees wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith.

Fractional entitlements to the Rights Shares

On the basis of the provisional allotment of two (2) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Odd lot arrangement

As no odd lots of the Shares are expected to result from the Rights Issue, no odd lot matching services will be provided.

Application for listing

An application has been made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue, upon the Rights issue becoming effective.

The board lot size of the nil-paid Rights Shares shall be the same as that of the fully-paid Rights Shares, i.e. 8,000 Shares in one board lot.

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The Rights Issue on a non-underwritten basis

Subject to the fulfilment and/or waiver (where applicable) for the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. If there is an under-subscription of the Rights Issue as a result of Untaken Rights not being fully taken up by Qualifying Shareholders or transferees of nil-paid Rights Shares, and the Unsubscribed Rights Shares are not fully placed by the Placing Agent, the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, Shareholder(s) who apply to take up all or part of its entitlement under PAL or applies for excess Rights Shares under EAF may unwittingly incur an obligation to make a general offer under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will, pursuant to Rule 7.19(5) of the Listing Rules, provide for Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the applications of any Shareholder (except for HKSCC Nominees Limited) for his/her/its entitlement under the PAL or for excess Rights Shares under the EAF will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code.

As at the Latest Practicable Date, the Company has not received any undertaking from any substantial shareholder of the Company of any intention as to whether such Shareholder will take up his/her/its entitlements under the Rights Issue (or otherwise).

Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfilment, non-occurrence or waiver (as appropriate) of each of the following conditions:

- (i) the meeting(s) of the board properly and validly convened to approve and implement the Rights Issue;
- (ii) the passing by the Shareholders (or the Independent Shareholders, as the case may be) at the EGM of the necessary resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by no later than the Prospectus Posting Date;

LETTER FROM THE BOARD

- (iii) the Stock Exchange having authorised the registration of, and the Companies Registry in Hong Kong having registered, respectively, each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other accompanying documents required) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong) not later than the Prospectus Posting Date;
- (iv) to the extent permitted under all applicable laws and regulations and the Company's constitutional documents, the Prospectus being made available on the Company's website and the Stock Exchange's website and the sending of PAL and EAF to the Qualifying Shareholders on the Prospectus Posting Date;
- (v) the Listing Committee granting and not having revoked, listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) by no later than the Prospectus Posting Date and such listings and permission to deal not having been withdrawn or revoked;
- (vi) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil paid and fully-paid forms, respectively) and no notification having been received by the Company from HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;
- (vii) the Placing Agreement not being terminated; and
- (viii) there shall not have occurred and be continuing any of the following:
 - i. any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction of trading in securities) occurs which in the absolute opinion of the Company in any material respect affect the success of the Rights Issue (such success being the taking up of the Rights Shares by the Shareholders or the transferees of the nil-paid rights) or otherwise in the absolute opinion of the Company makes it inexpedient or inadvisable or inappropriate for the Company to proceed with the Rights Issue;
 - ii. any event of force majeure including, without limiting the generality thereof, any act of God, war, fire, flood, explosion, epidemic, terrorism, which in any material respect adversely affect the business or the financial or trading position or prospects of the Company or the Rights Issue; or

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- iii. any other material adverse change in relation to the business or the financial or trading position or prospects of the Company occurs, whether or not of the same kind with any of the foregoing; or
- iv. any suspension in the trading of the securities generally or the Company's securities on the Stock Exchange for a period of more than 30 consecutive trading days occurs, excluding any halt or suspension in connection with the clearance of the announcement or circular or prospectus of the Company for the Rights Issue or other announcements or circulars in connection with the Rights Issue.

The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions by the respective dates specified above. As at the Latest Practicable Date, save for condition (i) and (ii), none of the conditions precedent to the Rights Issue have been fulfilled. Save for condition (vii), none of the conditions precedents to the Rights Issue shall be waivable, if any of the conditions above are not fulfilled or waived (as applicable), the Rights Issue will not proceed. In exercising its discretion to waive condition (g), the Company will consider, *inter alia*, the number of acceptances of the provisional allotment and excess applications for the Rights Shares, the number of Unsubscribed Rights Shares subject to the Placing and the market conditions at the relevant time. The Directors consider that retaining the discretion to proceed with the Rights Issue despite the Placing Agreement being terminated, and proceeding with the Rights Issue by waiving condition (g) in circumstances the Directors consider warranted, is in the best interests of the Company and the Shareholders as a whole.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.

Procedures for acceptance and payment or transfer

A PAL has been posted to the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong by 4:00 p.m. on Monday, 8 July 2024 (or, under bad weather conditions, such later time and/or date as mentioned in the sections headed "Effect of Bad Weather and/or Extreme Conditions on the Latest Time for Acceptance in "Expected Timetable" in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by banker's cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to "CHINA UPTOWN GROUP COMPANY LIMITED – RIGHT ISSUE ACCOUNT" and crossed "Account Payee Only".

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It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Monday, 8 July 2024, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require the relevant person(s) to complete the incomplete PAL at a later stage.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:00 p.m. on Thursday, 27 June 2024 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, after 9:00 a.m. on the second Business Day following the surrender of the original PAL. This process is commonly referred to as "splitting" of nil-paid Rights Shares. It should be noted that stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

The PAL contains the full information regarding the procedures to be followed for Qualifying Shareholders who wish to: (i) accept their provisional allotment in full; (ii) accept only part of their provisional allotment; or (iii) renounce/transfer all or part of their provisional allotment to other party/parties. Shareholders are advised to study the procedures set out in the PAL carefully.

No receipt will be given in respect of any application monies received.

If any of the conditions of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" in this "Letter from the Board" of this Prospectus is not fulfilled or, where applicable, waived at or before 6:00 p.m. on Wednesday, 17 July 2024 (or such later time and/or date as the Company may determine), the Rights Issue will not proceed. Under such circumstances, the monies received in respect of application for the Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Tuesday, 23 July 2024.

LETTER FROM THE BOARD

Application for excess Rights Shares

Qualifying Shareholders are entitled to apply for, by way of excess application:

- (i) any unsold entitlements to the Rights Shares of the Excluded Shareholder(s) (if any);
- (ii) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renouces or transferees of nil-paid Rights Shares;

(i) and (ii) above collectively referred to as “**Untaken Rights**”.

Application for excess Rights Shares may be made by completing and signing the enclosed EAF in accordance with the instructions printed thereon and lodging it, together with a separate remittance for the full amount payable for application for the excess Rights Shares, with the Registrar by not later than 4:00 p.m. on Monday, 8 July 2024 (or, under bad weather conditions, such later time and/or date as mentioned in the section headed “Effect of Bad Weather and/or Extreme Conditions on the Latest Time for Acceptance” in “Expected Timetable” in this Prospectus). All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, and banker’s cashier orders must be issued by, a licensed bank in Hong Kong and made payable to “**CHINA UPTOWN GROUP COMPANY LIMITED – EXCESS APPLICATION ACCOUNT**” and crossed “**Account Payee Only**”.

The Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro-rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (ii) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- (iii) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings; and

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- (iv) pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any controlling shareholder or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders’ applications for excess Rights Shares to the extent that the total number of excess Right Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under PALs is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

Investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, investors should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to beneficial owners individually. Investors whose Shares are held by a nominee company (or held through CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. For those investors who would like to have their names registered on the register of members of the Company, all necessary documents must have been lodged with the Registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong for registration by no later than 4:00 p.m. on Thursday, 13 June 2024.

The Company reserves the right to refuse to accept any application for the excess Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction.

If no excess Rights Shares are allotted to a Qualifying Shareholder, the amount tendered on his application is expected to be returned to him in full without interest on or before Tuesday, 23 July 2024 by means of cheques despatched by the Registrar by ordinary post at the risk of the Qualifying Shareholder to his registered address. If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than what is applied for, the surplus application monies are also expected to be returned to him without interest on or before Tuesday, 23 July 2024.

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If any of the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” in the “Letter from the Board” of this Prospectus is not fulfilled or, where applicable, waived at or before 6:00 p.m. on Wednesday, 17 July 2024 (or such later time and/or date as the Company may determine), the Rights Issue will not proceed. Under such circumstances, the monies received in respect of application for excess Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Tuesday, 23 July 2024.

The EAF is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any application monies received.

Cheques and banker’s cashier orders

All cheques and banker’s cashier orders will be presented for payment upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgement of a PAL or an EAF together with a cheque or banker’s cashier order in payment of the Rights Shares applied for will constitute a warranty that the cheque or banker’s cashier order will be honoured upon first presentation. If any cheque or banker’s cashier order is not honoured upon first presentation, the PAL or EAF (as the case may be) is liable to be rejected and/or deemed invalid by the Company in its absolute discretion, and in the case of an acceptance of a Qualifying Shareholder’s assured entitlement all such assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

Beneficial owners’ instructions to their Intermediary

For beneficial owners whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, if they wish to subscribe for the Rights Shares provisionally allotted to them, or sell their nil-paid Rights Shares or “split” their nil-paid Rights Shares by accepting part of their provisional allotment and selling/transferring the remaining part, they should contact their intermediary and provide their intermediary with instructions or make arrangements with their intermediary in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for the Rights Shares which have been provisionally allotted to them in respect of the Shares in which they are beneficially interested. Such instructions and the relevant arrangements should be given or made in advance of the relevant dates stated in the “Expected Timetable” of this Prospectus and otherwise in accordance with the requirements of their intermediary in order to allow their intermediary sufficient time to ensure that their instructions are given effect. The procedures for acceptance, transfer and/or “splitting” in these cases shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures in effect from time to time and any other applicable requirements of CCASS.

LETTER FROM THE BOARD

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both nil-paid and fully-paid forms will be subject to the payment of stamp duty, the Stock Exchange trading fee, SFC transaction levy, AFRC transaction levy or any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Excluded Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Share certificates and refund cheques for Rights Issues

Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Tuesday, 23 July 2024. Those entitled, except HKSCC Nominees Limited, and in the case of joint Qualifying Shareholders, the first-named Qualifying Shareholder, will receive one share certificate for all the Rights Shares in fully-paid form, allotted and issued thereto.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Tuesday, 23 July 2024 by ordinary post to the applicants’ registered address, at their own risk.

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THE PLACING AGREEMENT

On 8 April 2024 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best efforts basis, to subscribe for the Unsubscribed Rights Shares under the Specific Mandate.

Details of the Placing Agreement are summarised as follows:

Date	:	8 April 2024 (after trading hours of the Stock Exchange)
Issuer	:	The Company
Placing Agent	:	China Demeter Securities Limited was appointed as the Placing Agent to procure, on a best efforts basis, Placees to subscribe for the Unsubscribed Rights Shares. The Placing Agent confirmed that each of it and its ultimate beneficial owner(s) is independent of and not connected with the Company and its connected persons or any of their respective associates.
Placing fee	:	2.5% of the aggregate placing price of the Unsubscribed Rights Shares successfully placed by or on behalf of the Placing Agent.
Placing price	:	The placing price of each of the Unsubscribed Rights Shares shall be not less than the Subscription Price.
Placees	:	The Unsubscribed Rights Shares are expected to be placed to the Placee(s) who and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies).
Ranking	:	Unsubscribed Rights Shares (when placed, allotted, issued and fully paid) shall rank <i>pari passu</i> in all respects among themselves and with the Shares then in issue.

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- Conditions Precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon the following conditions being fulfilled:
- (1) the passing by the Shareholders (or the Independent Shareholders, as the case may be) at the EGM of the necessary resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares and the grant of the Specific Mandate for the allotment and issue of the Unsubscribed Rights Shares) by no later than the date on which the Prospectus Documents are posted;
 - (2) the Listing Committee of the Stock Exchange having granted or having agreed to grant the listing of, and permission to deal in the Rights Shares in their nil-paid and fully-paid forms;
 - (3) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained;
 - (4) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events; and
 - (5) the sending of copies of the Prospectus Documents to the Qualifying Shareholders and the sending of the Prospectus to the Excluded Shareholders for information purpose only.

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- Placing Completion Date : The third Business Day after the Latest Placing Time or such other date as the Company and the Placing Agent may agree in writing.
- Termination : If, prior to the Latest Placing Time:
- (1) in the reasonable opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by:
 - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

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- (c) any materially adverse change in the business or in the financial or trading position of the Group as a whole; or
 - (d) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions which includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs in Hong Kong, the United States of America or the PRC which in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable to proceed with the Placing,

the Placing Agent shall be entitled, without any liability to the Company, by notice in writing to the Company served prior to the Latest Placing Time, to terminate the Placing Agreement.

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The terms of the Placing Agreement (including the placing fee) were determined after arm's length negotiation between the Placing Agent and the Company and are on normal commercial terms. Based on a review of companies listed on the Main Board and GEM of the Stock Exchange which announced a rights issue during the 3-month period ended on the date of the Announcement, the Directors have identified an exhaustive list of 16 companies as comparable transactions. Out of all 16 comparable transactions, 9 comparable transactions were conducted on a best effort basis and has compensatory arrangements for rights issue, where the highest placing fee was 3.5% and the lowest was 0.5%; while the other 7 comparable transactions involved excess applications and did not disclose any placing arrangements or applicable placing fees. Since the Company's placing fee is within the abovementioned range, and also taking into account of the adverse impacts on the demand for the Group's Shares including the Group's history of prolonged Trading Suspension Period until December 2023, the recent equity financing activities in March 2024, and the perceived lack of investors' confidence in the Group's prospects arising from the consecutive loss making performance of the Group, the Directors consider that the placing fee charged by the Placing Agent is no less favourable to the Company than the market rate in recent placing transactions and are therefore of the view that the terms of the Placing Agreement are fair and reasonable and the transactions contemplated under the Placing Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Furthermore, the Directors are of the view that the abovementioned comparable transactions are a fair and representative sample as (i) all the 16 comparable transactions that were identified have been selected without any filtering in order to better represent a true and fair view of the recent market trend of placing fees involved in rights issue transactions; (ii) including comparable transactions with different funding needs and rights issue structure provides a more comprehensive understanding of the overall market conditions; and (iii) despite the comparable transactions involved placing as compensatory arrangements, the placing fees should be comparable given the similar nature of work involved by the placing agents regardless of whether conducted as part of compensatory arrangements or as a separate placing exercise.

The final placing price for the Unsubscribed Rights Shares shall be determined based on the demand for the Unsubscribed Rights Shares and market conditions at the time of placement. The net price per Unsubscribed Rights Share placed will be approximately HK\$0.146, (assuming a placing price of HK\$0.15 per Share). The net proceeds from the Placing will be utilized for the same purposes as described in the section headed "Reasons for the Rights Issue, the Placing and Use of Proceeds" in this Prospectus. In the event the placing price is higher than the Subscription Price, any additional proceeds from the Placing will be allocated with priority towards settlement of prolonged construction costs, unsettled trade and other payables in the manner described in paragraph (a) of the section headed "Reasons for the Rights Issue, the Placing and Use of Proceeds" in this Prospectus.

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The Placing Agent shall ensure that the Unsubscribed Rights Shares are placed (i) only to institutional, corporate or individual investors who and whose ultimate beneficial owners shall be Independent Third Parties; (ii) such that no Placee shall become a substantial shareholder immediately following the Placing; (iii) such that the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (iv) such that the Placing will not result in the Company incapable of complying with the Public Float Requirements under the Listing Rules immediately following the Placing. The Company will continue to comply with the Public Float Requirements under Rule 8.08 of the Listing Rules and the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing.

As at the Latest Practicable Date, save for condition (1), none of the conditions precedents under the Placing Agreement have been fulfilled. None of the conditions precedents to the Placing Agreement are waivable.

Given that the Placing Agreement would provide (1) a distribution channel of the Unsubscribed Rights Shares to the Company; and (2) a channel of participation in the Rights Issue for independent investors, the Directors consider that the Placing Agreement is fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

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SHAREHOLDING STRUCTURE

For illustration purposes only, assuming there is no change in the number of Shares in issue from the Latest Practicable Date and up to and including the date of completion of the Rights Issue, the table below sets out the shareholding structure of the Company immediately before and after the completion of the Rights Issue:

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue assuming all Shareholders take up their respective entitlements to the Rights Shares in full		Immediately after completion of the Rights Issue assuming none of the Shareholders have taken up any of their entitlement to Rights Shares with all the Unsubscribed Rights Shares placed to Independent Third Parties under the Placing	
	Number of Shares held	%	Number of Shares held	%	Number of Shares held	%
Ming Hung Fung Company Limited ^(Note 1)	72,000,000	23.58%	216,000,000	23.58%	72,000,000	7.86%
Placees ^(Note 2)	–	–	–	–	610,714,104	66.67%
Other Public Shareholders	<u>233,357,052</u>	<u>76.42%</u>	<u>700,071,156</u>	<u>76.42%</u>	<u>233,357,052</u>	<u>25.47%</u>
Total	<u>305,357,052</u>	<u>100.00%</u>	<u>916,071,156</u>	<u>100.00%</u>	<u>916,071,156</u>	<u>100.00%</u>

Notes:

- These Shares are held by Ming Hung Fung Company Limited, which is 100% owned by Mr. Liu Dong. By virtue of the SFO, Mr. Liu Dong is deemed to be interested in the Shares held by Ming Hung Fung Company Limited.
- Pursuant to the terms of the Placing Agreement, the Unsubscribed Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies). None of the placees will become a substantial shareholder of the Company immediately following the Placing and will not trigger any GO Obligation.
- The above percentage figures are subject to rounding adjustments.

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REASONS FOR THE RIGHTS ISSUE, THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company. The principal activities of the Group are (i) property development and investment; and (ii) trading of raw sugar.

The estimated net proceeds of the Rights Issue and the Placing (after deduction of expenses) if the Rights Issue is subscribed in full is expected to amount to approximately HK\$89.2 million (assuming no change in the number of Shares in issue on or before the Record Date).

Assuming full subscription under the Rights Issue, the Company intends to apply the net proceeds of approximately HK\$89.2 million as follows:

- (a) Approximately HK\$46,200,000 (being approximately 51.79% of the net proceeds) is intended to be used for the settlement of prolonged construction costs, the trade and other payables to the main contractor and other contract liabilities for the Second Maoming Project in 2024 and beyond. The Group has been developing and operating 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**”). Majority of the commercial and residential properties of the First Maoming Project had been delivered in 2019 and most of the proceeds from sales of the First Maoming Project has been 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**”).

On 27 November 2019, Maoming Shang Cheng Real Estate Company Limited* (茂名上誠置業有限公司) (the “**Maoming Shang Cheng Real Estate**”), an indirect non-wholly owned subsidiary of the Group, successfully won the bid for land use rights of the Second Maoming Project situated at Maoming Jixiang District* (茂名市吉祥小區) with a total site area of approximately 29,274.16 square meters at a consideration of approximately RMB241,512,000. When the land acquisition transaction by Maoming Shang Cheng Real Estate was completed in 2020, the Second Maoming Project was planned to be developed into a composite of residential and commercial properties with the following approximate planned areas:

Land site area	29,000 m ²
Gross saleable area	84,000 m ²
Residential areas	59,000 m ²
Commercial areas	25,000 m ²
Carpark spaces	1,000 units

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During the pandemic, construction and development of Second Maoming Project had been severely delayed, so as to the pre-sales plan. As at 31 December 2023, approximately 60% of the construction had been completed, including the basement, kindergarten and first 2 blocks of residential buildings. Pre-sales of the residential blocks started in June 2022, and pre-sales of the other parts of the project was rescheduled as follows:

Pre-sales of residential properties	Second half of 2024
Pre-sales of apartment properties	Second half of 2024
Pre-sales of commercial properties	Second half of 2024
Pre-sales of car parks and shops	Second half of 2024
Completion and delivery	First half of 2025

Since the onset of the pandemic and up until recently, the Group has faced significant financial challenges resulting from the prolonged construction process of its properties. The primary challenges stem from the construction expenses incurred and the unsettled trade and other payables owed to the relevant contractors involved. As at 31 December 2023, the outstanding amount of trade and other payables which was mainly related to this project amounted to approximately RMB132.3 million.

Typically, the Group relies on pre-sale deposits from property purchasers (recorded in terms of contract liabilities position of the Group) to cover the ongoing construction costs for the subsequent stages of the property project; however, the prolonged construction work and delays in pre-sales have depleted the Group's resources and had a detrimental impact on its liquidity. This was evident from the relatively low cash level of the Group of approximately RMB17.2 million as at 31 December 2023.

However, with reference to the Group's net asset position of approximately RMB148.1 million as at 31 December 2023, the Group was able to and has been utilising most of its financing resources and working capitals from the development of other segments and/or property projects to settle its significant liquidity needs resulting from the construction work. The Directors are of the view that additional funding is not only intended to ease out the cash flow liquidity pressure and to sustain operations of the on-going projects, but also to fulfil the associated upfront payment obligations to support the development of potential property projects ahead, contingent upon more favourable conditions in the property market. In the event that the liquidity mismatch persists without securing additional funding through equity financing, or in the event of an undersubscription of the Rights Issue and the pro-rata proceeds and the cash balance are insufficient to cover the required amount, the Group would heavily depend on debt financing activities, such as bank overdrafts and other facilities, to meet its obligations and such debt pressure would continue until the pre-sales of upcoming properties are realized. Meanwhile, the Group's overall profitability would be adversely affected with relatively high interest charges, thereby impeding its capacity to allocate financial resources towards the development of other segments or potential property projects.

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The net proceeds from the Rights Issue (whether fully subscribed or not) are intended to serve as equity resources to alleviate ongoing liquidity pressures. However, it should be noted that these proceeds are not intended to be the sole source for covering the outstanding trade and other payables recorded as at 31 December 2023 as the Group is expected to gradually generate cash inflow from the sales of properties held for sales, which amounted to approximately RMB152.9 million as at 31 December 2023. On top of that, among the properties under development which amounted to approximately RMB383.8 million as at 31 December 2023, as the Company incurs further expense of approximately RMB35,000,000 for completion of two residential buildings, it estimates that it will be able to collect over RMB100 million in the next 18 months from sales from the two residential buildings, depending on the market conditions at that time. The payments to be made with main contractors of the Group typically adhere to credit terms and are repaid through installment payments.

- (b) Approximately HK\$23,000,000 (being approximately 25.78% of the net proceeds) is intended to be used to repay the borrowing liabilities of the Group. The Group had several interest bearing borrowings amounting to approximately RMB30.0 million in aggregate as at 31 December 2023, which includes a secured loan with outstanding principal of approximately HK\$23,000,000 from a finance company and is secured by the leasehold land and building of the Group, interest-bearing at 13% per annum and repayable on or before 15 November 2024. The Directors believes that repaying such liabilities will enable the Group to release its pledge on the relevant collateral and improve its gearing ratio. By doing so, the Group can potentially negotiate better terms with banks and other financial institutions. This strategic move aims to improve the Group's financial position and provide opportunities for more favourable financing arrangements.
- (c) Approximately HK\$12,000,000 (being approximately 13.45% of the net proceeds) is intended to be used as deposit for trading of raw cane sugar and as investment in the food supply chain to support the trading of raw cane sugar. The Group has been engaged in trading of raw cane sugar since 2014, where the revenue generated from trading of raw cane sugar amounted to approximately RMB27,663,000 for the year ended 31 December 2020. In response to the volatile and challenging market conditions caused by the COVID-19 pandemic, the Group had chosen to temporarily suspend its trading of raw cane sugar from 2021 to 2023. This decision was made due to the significant fluctuations in the global market for raw cane sugar, which have made it increasingly difficult to achieve profitable returns from trading activities.

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As the global economy gradually recovers from the pandemic, different industries are experiencing varying rates of recovery. In 2024, the demand for domestic raw cane sugar is being influenced by several factors, including the improved pandemic situation in the PRC, adjustments to prevention and control policies, and the lifting of border restrictions between countries. According to OECD-FAO Agricultural Outlook 2023-2032, world sugar consumption is seen increasing for a third successive season in 2022/23. However, the growth of global sugar consumption is anticipated to be moderate due to the projected deceleration in global economic growth in 2022/2023. In Asia, it is anticipated that imports will continue to represent 42% of consumption and the share of imported raw sugar for industrial use will continue to increase, mainly driven by key buyers, PRC and Indonesia. By 2032, Asia is estimated to account for 59% of global imports. In the PRC, consumption is emerging from a period of no real growth that started in 2016 with a period of high prices, followed by a three-year zero Covid policy. With the reopening of the markets, consumption is expected to rise again over the next ten years.

In light of these market conditions, the Group has conducted a thorough assessment of the raw cane sugar market. The Group has actively collaborated with different business vendors to establish a supply chain platform that enhances its procurement capabilities from upstream suppliers of raw cane sugar. The Group aims to leverage the expertise and resources of various partners in the commodities, logistics and energy sectors, as to create a robust network of reliable supply chain to optimize the Group's procurement of raw cane sugar to fulfil the demand in the PRC market. Leveraging the expertise of its management team, the Group has been resuming its business operations and actively soliciting raw cane sugar orders. To support these efforts and the business requirement to place up to full upfront deposit to obtain letters of credit from banks to secure a stable supply of raw cane sugar from upstream suppliers. Once a stable supply is secured, the Group will take on orders and make arrangements for delivery to customers. The remaining portion of proceeds is expected to be used as an initial investment in connection with a processing plant and/or storage facility for the raw cane sugar business. As at the Latest Practicable Date, the terms of the investment remain under negotiation and have not been finalised. The Directors are of the view that upon the resumption of the Group's trading of raw cane sugar business and establishment of entrusted business relationship with suppliers, the Group will be able to negotiate better prices and credit terms to gradually reduce liquidity pressure from placing deposits with these upstream suppliers.

- (d) Approximately HK\$8,000,000 (being approximately 8.97% of the net proceeds) is intended to be used for the general working capital of the Group. The intended primary use of these funds is for business operation and development, encompassing various aspects. Specifically, HK\$5,000,000 will be allocated towards staff costs. Additionally, HK\$1,500,000 will be designated for sales and marketing fees and HK\$1,500,000 will be set aside for relevant legal and professional fees. This allocation aims to support the overall growth and functioning of the Company.

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Set out below is a summary breakdown of the intended use of proceeds from the Rights Issue and Placing and the expected timeline for utilisation of the estimated net proceeds:

Intended use of proceeds	Approximate amount of estimated net proceeds	Expected timeline for utilising the estimated net proceeds
(a) Settlement of prolonged construction costs, trade and other payables and other contract liabilities	HK\$46.2 million	on or before 30 June 2025
(b) Repay borrowings	HK\$23.0 million	on or before 31 December 2024
(c) Deposit for trading of raw cane sugar and investment in food supply chain	HK\$12.0 million	on or before 31 December 2024
(d) General working capital	HK\$8.0 million	on or before 30 June 2025

In the event of an undersubscription of the Rights Issue, the net proceeds will be utilised on a pro-rata basis as set out above.

Apart from the Rights Issue, the Directors have also explored other debt or equity fundraising alternatives such as bank borrowings, placing or an open offer. The Directors note that the credit lines provided by bank borrowings is very limited and requires collateral. As at 31 December 2023, the Group had a loan with an outstanding principal amount of approximately HK\$23,000,000 from a finance company secured by the leasehold land and building of the Group, and the Directors have also evaluated other assets of the Group, including the value of properties held for sale and properties under development in the PRC as at 31 December 2023. However, it is determined that pre-sales value of these assets were not viewed and evaluated favorably by banks or financial institutions until they are completed and sold in the market, which consequently hindered the Group's ability to negotiate favorable credit terms. If available, the expected size of bank borrowing required by the Group will likely carry additional interest costs and create further pressure to the liquidity and profitability of the Group. As set out in the annual report of the Company for the year ended 31 December 2023, the Company recorded total borrowings of approximately RMB30.0 million, and the Group's gearing ratio was approximately 20%. If the Company were to meet the funding needs by debt financing, the Company's hypothetical gearing ratio would have been approximately 82% as at 31 December 2023 (assuming all the gross proceeds could be raised by debt financing). In regards to equity fundraising methods available to the Company, the Directors considered the placing of new Shares, and noted that the Company had recently completed a placement of new Shares under the Company's general mandate of 20% of the number of issued Shares on 6 March 2024, raising approximately HK\$6.88 million in net proceeds, which is far from the amount required for

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its current plans. The Directors also noted that whether under a refreshed general mandate or a specific mandate, a further placing of new Shares will inevitably and immediately dilute the interests of existing Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables Shareholders to sell their Nil-Paid Rights Shares in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group. Having considered the above alternatives, the Directors are of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole and that the Rights Issue is an appropriate fundraising method to strengthen the capital base of the Company, which in turn will support the Company's continuing development and business growth, while allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

Despite the above, the management of the Group had still attempted to explore the possibility of obtaining bank borrowings, placing of new Shares or open offer of comparable size to the Rights Issue with the Group's principal banker and a securities brokerage firm in Hong Kong. After exploring the idea with the Group's principal banker in Hong Kong and one securities brokerage firm, the Group considered that these financing alternatives were not feasible as (i) the Group failed to receive any positive response from its principal banker in Hong Kong likely due to the proposed size of the debt financing and that the Group is unable to provide acceptable collateral in favour of the bank; (ii) the proposed size of the fund raising is significant compared to the Company's market capitalization of roughly HK\$67 million (based on the closing price on the Last Trading Day); and (iii) for a securities brokerage firm to be willing to act as placing agent for equity fund raising of such size, the placing commission would be 3.5%, which is well above that as stated in the Placing Agreement of 2.5%.

The Company has considered and approached the substantial shareholder of the Company and underwriters licensed under the SFO to conduct type 1 regulated activities to underwrite the Rights Issue. However, neither the substantial shareholder of the Company nor the underwriters showed any interest to underwrite the Rights Issue. As such, the Company conducts the Rights Issue on a non-underwritten basis.

The Company has no present intention to conduct further fundraising activities at this stage, and the management of the Company intends to evaluate the results of Rights Issue, before determining whether any further fundraising activities are required.

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FUND-RAISING ACTIVITIES IN THE PAST 12 MONTHS

Set out below is the fund-raising activities conducted by the Company during the twelve months immediately prior to the date of this Prospectus:

Date of announcement	Fund-raising activity	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
6 March 2024	Placing of new Shares under general mandate	HK\$6.88 million	Repayment of outstanding liabilities and general working capital of the Group, which shall be applied on, including, staff cost, professional fees, rental payments and general administrative and operating expenses of the Group	The net proceeds have been fully utilized as intended.

Save for the above, the Company has not conducted any other fund-raising exercise in the twelve months immediately preceding the date of this Prospectus.

LISTING RULES IMPLICATIONS

As the Rights Issue will increase the issued share capital of the Company by more than 50%, in accordance with Rule 7.27A of the Listing Rules, the Rights Issue has been made conditional on, among other things, the approval by the Independent Shareholders in general meeting by a resolution at which any controlling shareholders and their associates or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue. Approval by the Independent Shareholders was granted at the EGM.

The Rights Issue will be carried out in compliance with Rule 7.21(1)(a) of the Listing Rules. Given that the Company has put in place the excess application arrangements as required by Rule 7.21(1)(a) of the Listing Rules, the Directors have determined that there will be no compensatory arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(b) of the Listing Rules. The Directors believe that the introduction of excess application arrangements aims to incentivise existing Shareholders to increase their investment in the Group. This initiative is intended to cultivate a stronger and more resilient shareholder base that demonstrates trust in and actively supports the Group's future growth.

The Placing of the Unsubscribed Rights Shares will not be conducted for the benefit of the Shareholders to whom the rights were offered, and will instead be utilized to pay the Company's debts and fund the business expansion plans as described in the section "Reasons for the Rights Issue, the Placing and Use of Proceeds" above.

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The Placing is also subject to Shareholders' approval. At the EGM, the Shareholders approved the Placing Agreement and the transactions contemplated thereunder and the granted the Specific Mandate to allot and issue the Unsubscribed Rights Shares.

At the EGM, as the Company had no controlling shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates were required to abstain from voting in favour of the proposed resolution approving the Rights Issue in accordance with Rule 7.27A of the Listing Rules. No Directors or chief executive of the Company, nor any of their respective associates, had an interest in any Shares as at 7 June 2024 (the record date for the purposes of voting at the EGM). As such, to the best knowledge of the Directors, no Shareholder was required to abstain from voting on the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the EGM pursuant to the Listing Rules.

The Company has not conducted any rights issue or open offer within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue is subject to the fulfilment and/or waiver (where applicable) of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed "Conditions of the Rights Issue" in the "Letter from the Board" of this Prospectus. Shareholders and potential investors of the Company should note that each of the Rights Issue and the Placing is subject to the fulfilment of certain conditions. If any of the conditions of the Rights Issue and/or the Placing are not fulfilled, the Rights Issue and/or the Placing will not proceed. Potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

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The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. If there is an undersubscription of the Rights Issue as a result of Untaken Rights not being fully taken up by Qualifying Shareholders or transferees of nil-paid Rights Shares, and the Unsubscribed Rights Shares are not fully placed by the Placing Agent, the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

Any dealings in the Shares from the date of this Prospectus up to the date on which all the conditions of the Rights Issue are fulfilled and/or waived (where applicable), and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

FURTHER INFORMATION

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

By order of the Board
China Uptown Group Company Limited
Pang Chung Fai Benny
Chairman

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The audited financial information of the Company are disclosed in the annual reports of the Company for the three financial years ended 31 December 2021, 2022 and 2023. The abovementioned financial information have been published and is available on the website of the Stock Exchange (www.hkex.com.hk) and the Company's website (<https://www.chinauptown.com.hk>):

- a) annual report of the Company for the year ended 31 December 2021 published on 31 March 2023 (pages 101 to 228)

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0331/2023033101203.pdf>)

- b) annual report of the Company for the year ended 31 December 2022 published on 27 April 2023 (pages 105 to 232)

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042702006.pdf>)

- c) annual report of the Company for the year ended 31 December 2023 published on 26 April 2024 (pages 105 to 228)

(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042600960.pdf>)

2. INDEBTEDNESS OF THE GROUP

As at the close of business on 30 April 2024, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this Prospectus, the details of the Group's indebtedness are as follows:

	Secured <i>RMB'000</i>	The Group Unsecured <i>RMB'000</i>	Total <i>RMB'000</i>
Carrying amount of other borrowings	21,293	9,298	30,591
Carrying amount of amounts due to non-controlling interests	–	115,498	115,498
Lease liabilities	–	1,705	1,705
	<u>21,293</u>	<u>126,501</u>	<u>147,794</u>

One of the Group's other borrowings was secured, individually by certain property, plant and equipment of the Group approximately RMB14,670,000 as at 30 April 2024.

As at 30 April 2024, the Group provided a total financial guarantee of approximately RMB93,963,000 to in respect of the mortgage facilities provided to certain purchasers of the Group's properties.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables and contract liabilities in the ordinary course of business, as at the close of business on 30 April 2024, the Group did not have any debt securities authorised or otherwise created but unissued, or any term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, loans, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, lease liabilities, mortgages or charges, other material contingent liabilities or guarantees outstanding.

To the best of the knowledge of the Directors, having made all reasonable enquiries, there has been no material change in the level of indebtedness of the Group since 30 April 2024.

3. WORKING CAPITAL STATEMENT

Taking into account the financial resources available to the Group including the estimated net proceeds from the Rights Issue of approximately HK\$89.2 million, cash and cash equivalents on hand, cash flows from operating activities and available banking facilities, the Directors, after due and careful enquiry, are of the opinion that the Group will have sufficient working capital for its present requirements for at least the next twelve months from the Latest Practicable Date.

4. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors confirmed there has been no material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. BUSINESS TREND AND FINANCIAL AND TRADING PROSPECTUS OF THE GROUP

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

Property Development and Investment

In 2023, the property market continued its downward trend after experiencing a brief recovery. According to the China Real Estate Information Corporation, China's new home sales fell 16.5% year on year to RMB5.4 trillion in 2023 and 35.9% from the industry high in 2021. The Group's property development and investment businesses were affected by the fall in property market and the rise in interest rate.

The Directors consider that since 31 December 2023, the property market has remained in a downtrend and a decelerating slowdown in investment is unlikely to change, especially in light of the continued cash flow struggles of developers. In the first two months of 2024, property investment in the People's Republic of China (the "PRC") fell 9.0% year-on-year, compared with a 24.0% year-on-year fall in December 2023, according to the data by National Bureau of Statistics. Property sales by floor area logged a 20.5% slide in January-February from a year earlier, compared with a 23.0% fall in December last year.

Various measures were taken by local governments, such as lowering mortgage rates for second-time homebuyers, to halt a decline in residential home sales. On 17 May 2024, PRC announced "historic" steps to stabilise its crisis-hit property sector, with the central bank facilitating RMB1 trillion in extra funding and easing mortgage rules, and local governments set to buy "some" apartments.

Investors hoped the measures marked the beginning of more decisive government intervention to compensate for waning demand for new and old apartments, to slow down falling prices and to reduce a growing stock of unsold homes. Currently, the property market in PRC is still in between the industry's transitional period, which inevitably takes time and involves fluctuations and adjustments. It will also take some time to adapt to the new development trend of urbanisation and changes in supply and demand in the property market, and to build a new property development model. There are still many difficulties and challenges ahead. However, it is expected that with such measures and supports by local governments in PRC, the property market will experience a slow recovery.

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**"). Majority of the commercial and residential properties of the First Maoming Project had been delivered in 2019 and most of the proceeds from sales of the First Maoming Project has been 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**").

Sales of the First Maoming Project is near the end while the Second Maoming Project is still under development. Since 31 December 2023, and up to May 2023, the Group estimates that, approximately 65% of the construction had been completed. The Group will continue to conduct pre-sales of the properties of Second Maoming Project.

Trading of raw cane sugar

The Group has been engaged in trading of raw sugar since 2014, where the revenue generated from trading of raw cane sugar amounted to approximately RMB27,663,000 for the year ended 31 December 2020. In response to the volatile and challenging market conditions caused by the COVID-19 pandemic, the Group had temporarily suspended its trading of raw cane sugar from 2021 to 2023. This decision was made due to the significant fluctuations in the global market for raw cane sugar, which have made it increasingly difficult to achieve profitable returns from trading activities.

As the global economy gradually recovers from the pandemic, different industries are experiencing varying rates of recovery. The Directors are of the view that Asia-Pacific is likely to witness the fastest growth in the global cane sugar market based on the fact that India, Thailand, and PRC account for the largest share of the regional market, owing to the volume of sugarcane harvested and processed into sugar in these countries. Meanwhile according to the Food and Agricultural Organization, PRC imports most of its sugar as its domestic production is insufficient to meet domestic consumption. PRC is expected to produce 9.94 million tonnes of sugar in 2023/24 compared with 8.9 million tonnes in 2022/23. PRC's domestic sugar consumption continues to rise and is now estimated at 17 million tonnes in 2024. This leaves a sugar deficit of around 5.76 million tonnes, which will need to be balanced with imported sugar.

Therefore, the Group would like to seize this opportunity to resume its business operations. The Group has been in negotiations with potential buyers to resume its raw sugar trading business. As at the Latest Practicable Date, the Group has nearly finalised negotiations with such buyers to be in a position to commence operations once the requisite funding becomes available.

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.

**A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET
TANGIBLE ASSETS ATTRIBUTABLE TO OWNERS OF THE COMPANY**

Introduction

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for inclusion in Investment Circular” issued by the Hong Kong Institute of Certified Public Accountants is for illustration only, and is set out in this appendix to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group as at 31 December 2023 attributable to the owners of the Company as if the Rights Issue had taken place on such date.

The Unaudited Pro Forma Financial Information is prepared for illustrative purposes only, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2023 or at any future date.

The Unaudited Pro Forma Financial Information of the Group as at 31 December 2023 is prepared by the Directors based on the audited consolidated statement of financial position of the Group as at 31 December 2023, extracted from the published results announcement of the Group for the year ended 31 December 2023, with adjustments described below.

APPENDIX II

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Audited Consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 (RMB'000) (Note 1)	Unaudited estimated net proceeds from the Rights Issue (RMB'000) (Note 2)	Unaudited net proceed from placing (RMB'000) (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company as at 31 December 2023 immediately after the completion of the Rights Issue (RMB'000)	Audited consolidated net tangible assets attributable to owners of the Company per Share as at 31 December 2023 (RMB) (Note 4)	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 31 December 2023 immediately after the completion of the Rights Issue (RMB) (Note 5)
Based on 610,714,104 Rights Shares to be issued at Subscription Price of HK\$0.15 per Rights Shares					
176,933	81,074	6,257	264,264	0.70	0.29

Note:

- The consolidated net tangible assets of the Group attributable to owners of the Company of approximately RMB176,933,000 as at 31 December 2023 is based on the consolidated net assets of the Group attributable to owners of the Company as at 31 December 2023 of approximately RMB176,933,000, as extracted from the annual results announcement of the Company for the year ended 31 December 2023.
- The estimated net proceeds of approximately HK\$89,200,000 (equivalent to RMB81,074,000) from the Rights Issue are based on 610,714,104 Rights Shares (assuming no new Shares are allotted and issued pursuant to any exercise of the Share Options and pursuant to the conversion of the Convertible Bonds and no other change in the share capital of the Company on or before the Record Date) at the Subscription Price of HK\$0.15 per Rights Share, after deduction of estimate related expenses (including advisory fees for the professional parties, printing, registration, translation, legal, accounting and documentation charges) payable by the Company.
- On 6 March 2024, the Company completed a placing of 50,888,000 shares at price of HK\$0.14 per share. The net proceed raised was approximately HK\$6,884,000 (equivalent to RMB6,257,000). The financial impact on placing of shares is for illustrative purpose only.
- The number of shares and audited consolidated net tangible assets attributable to owners of the Company used for the calculation of the unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to the owners of the Company before the completion of the Rights Issue, is based on 254,469,052 shares in issue as at 31 December 2023 and approximately RMB176,933,000 as at 31 December 2023 respectively.

5. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per share as at 31 December 2023 immediately after the completion of the Rights Issue as if the Rights Shares had been completed on 31 December 2023 and the placing, but does not take into account any shares which have been or may be issued upon the exercise of options granted under the share option scheme (if any) subsequent to 31 December 2023. The number of shares used for the calculation of the unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to the owners of the Company immediately after the completion of the Rights Issue is 916,071,156 shares, which consists of (i) 254,469,052 shares in issue as at 31 December 2023, (ii) 50,888,000 placing shares and (iii) 610,714,104 Rights Shares.
6. Save as disclosed above, no adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2023.

**B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL
INFORMATION**

The following is the text of a report received from McMillan Woods (Hong Kong) CPA Limited, Certified Public Accountants, Hong Kong, the independent reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.



24th Floor
Siu On Centre
188 Lockhart Road
Wanchai Hong Kong

21 June 2024

The Board of Directors of
China Uptown Group Company Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Uptown Group Company Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 31 December 2023 and related notes as set out on pages II-2 to II-3 of this prospectus issued by the Company dated 21 June 2024 (the “**Prospectus**”). The applicable criteria on the basis of which the directors have compiled the unaudited pro forma financial information are described in Section A of Appendix II of this Prospectus.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the proposed rights issue on the basis of two rights shares for one consolidated shares at the subscription price of HK\$0.15 per rights share (the “**Rights Issue**”) on the Group's consolidated financial position as at 31 December 2023 as if the Rights Issue had taken place on 31 December 2023. As part of this process, information about the Group's net tangible assets as at 31 December 2023 has been extracted by the directors from the Group's consolidated statement of financial position as at 31 December 2023, included in the results announcement of the Group for the year ended 31 December 2023.

**DIRECTORS' RESPONSIBILITY FOR THE UNAUDITED PRO FORMA FINANCIAL
INFORMATION**

The directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have complied with the independence and other ethical requirement of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements”, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANT'S RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in this Prospectus is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the Rights Issue had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 31 December 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the director of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

McMillan Woods (Hong Kong) CPA Limited

Certified Public Accountants

Hong Kong

1. RESPONSIBILITY STATEMENT

This Prospectus, 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 Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Prospectus 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 Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately before the completion of the Rights Issue; and (iii) immediately following the completion of the Rights Issue (assuming there is no change in the number of issued Shares and that the Rights Issue is fully subscribed or placed pursuant to the Placing Agreement) are as follows:

(a) As at the Latest Practicable Date:

<i>Authorised:</i>	<i>HK\$</i>
30,000,000,000 Shares of HK\$0.01 each	300,000,000.00
<i>Issued and fully paid:</i>	<i>HK\$</i>
305,357,052 Shares of HK\$0.01 each	3,053,570.52

(b) Immediately before the completion of the Rights Issue:

<i>Authorised:</i>	<i>HK\$</i>
30,000,000,000 Shares of HK\$0.01 each	300,000,000.00
<i>Issued and fully paid:</i>	<i>HK\$</i>
305,357,052 Shares of HK\$0.01 each	3,053,570.52

(c) Immediately following the completion of the Rights Issue (assuming no change in the number of issued Shares and that the Rights Issue is fully subscribed or placed pursuant to the Placing Agreement):

<i>Authorised:</i>	<i>HK\$</i>
30,000,000,000 Shares of HK\$0.01 each	300,000,000.00
<i>Issued and fully paid:</i>	<i>HK\$</i>
916,071,156 Shares of HK\$0.01 each	9,160,711.56

The Rights Shares, when issued and fully-paid, will be free from all liens, charges, encumbrances and third-party rights, interests or claims of any nature whatsoever and shall rank *pari passu* in all respects with the Shares then in issue, including as to the right to receive all dividends and distributions which may be declared, made or paid on or after the date of allotment of the fully-paid Rights Shares.

The Company did not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date.

The Rights Shares to be issued will be listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

As at the Latest Practicable Date, the Company had no founder or management or deferred shares.

3. DISCLOSURE OF INTERESTS

(a) **Directors' and chief executive's interest and short positions in the securities of the Company and its associated corporations**

As at the Latest Practicable Date, none of the Directors or the chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or, which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' and other persons' interests and short positions in Shares and underlying Shares

As at the Latest Practicable Date, the interests and short positions of substantial shareholders and other persons (not being a Director or chief executive of the Company) in the shares and underlying shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows.

Long position in the Shares:

Shareholders	Capacity/nature of interest	Number of Shares held interested	Approximate percentage of Shares in issue of the Company as at the Latest Practicable Date
Ming Hung Fung Company Limited ^(Note 1)	Beneficial owner	72,000,000	23.58
Mr. Liu Dong ^(Note 1)	Interest in a controlled corporation	72,000,000	23.58
China Sugar Holdings Limited ^(Note 2)	Beneficial owner	24,210,526	7.93
Mr. Liu Zhongxiang ^(Note 2)	Interest in a controlled corporation	24,210,526	7.93
Guangdong Nanyue Bank First Direct Branch* ^(Note 2)	Person having a security interest in Shares	24,210,526	7.93

Notes:

- (1) These Shares are held by Ming Hung Fung Company Limited, which is 100% owned by Mr. Liu Dong. By virtue of the SFO, Mr. Liu Dong is deemed to be interested in the Shares held by Ming Hung Fung Company Limited.
- (2) These Shares are held by China Sugar Holdings Limited which is 100% owned by Mr. Liu Zhongxiang ("Mr. Liu"). By virtue of the SFO, Mr. Liu is deemed to be interested in the Shares held by China Sugar Holdings Limited. China Sugar Holdings Limited has provided a share charge in respect of 24,210,526 Shares held by it in favour of Guangdong Nanyue Bank First Direct Branch*.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO. None of the Directors is a director or employee of any substantial shareholder of the Company.

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited consolidated accounts of the Group were made up.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contracts with any member of the Group which is not expiring or determinable by the Group within one (1) year without payment of any compensation, other than statutory compensation.

6. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or controlling shareholders or their respective close associates had any business or interest which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

7. LITIGATION

Neither the Company nor any other member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any other member of the Group as at the Latest Practicable Date.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm there is no material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) were entered into by the members of the Group during the two years preceding the Latest Practicable Date:

- (1) the Placing Agreement; and
- (2) the placing agreement dated 15 February 2024 entered into between the Company and VC Brokerage Limited as placing agent in respect of placing up to 50,888,000 placing shares at the placing price of HK\$0.14 per Share to not fewer than six placees, the details of which were disclosed in the Company's announcement dated 15 February 2024, 19 February 2024 and 6 March 2024.

10. EXPERT AND CONSENT

The following are the qualifications of the experts who have given their opinions, letters or advices which are contained in this Prospectus:

Name	Qualification
McMillan Woods (Hong Kong) CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the Expert above (i) has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion therein of its letter and references to its name and/or its advice in the form and context in which they respectively appear; (ii) was not beneficially interested in any share of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (iii) did not have any direct or indirect interest in any assets which have been acquired, or disposed of by, or leased to any member of the Group, or are proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Board of Directors	<i>Executive Directors</i> Mr. Pang Chung Fai Benny Mr. Fu Yongyuan Mr. Zhang Xiao Jun Mr. Liang Zhichao <i>Independent non-executive Directors</i> Mr. Yau Sze Yeung Mr. Chen Weijiang Mr. Lee Chun Tung
Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarter and principal place of business in Hong Kong	Suite 1501, 15/F Tower 1, Silvercord 30 Canton Road Tsimshatsui Kowloon Hong Kong
Authorised representatives	Mr. Pang Chung Fai Benny Suite 1501, 15/F Tower 1, Silvercord 30 Canton Road Tsimshatsui Kowloon Hong Kong Ms. Ho Sze Wan Suite 1501, 15/F Tower 1, Silvercord 30 Canton Road Tsimshatsui Kowloon Hong Kong

Company Secretary	Ms. Ho Sze Wan Suite 1501, 15/F Tower 1, Silvercord 30 Canton Road Tsimshatsui Kowloon Hong Kong
Financial Adviser to the Company	Minerva Advisory Global Capital Limited Unit 1804B, 18/F Far East Finance Centre 16 Harcourt Road, Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Grand Moore Capital Limited Unit 1401, 14/F, Lippo Sun Plaza 28 Canton Road Tsim Sha Tsui, Kowloon Hong Kong
Legal adviser to the Company in relation to the Rights Issue	<i>As to Hong Kong law:</i> CFN Lawyers Room 4101-4104, 41/F. Sun Hung Kai Centre 30 Harbour Road Wan Chai, Hong Kong
Reporting accountants	McMillan Woods (Hong Kong) CPA Limited <i>Certified Public Accountants</i> 24th Floor Siu On Centre 188 Lockhart Road Wanchai Hong Kong
Placing Agent	China Demeter Securities Limited Rm A1, 35/F, United Centre 95 Queensway Admiralty, Hong Kong
Hong Kong branch share registrar and transfer office	Union Registrars Limited Suites 3301-04, 33/F. Two Chinachem Exchange Square 338 King's Road North Point, Hong Kong

Principal share registrar and transfer office in the Cayman Islands	Suntera (Cayman) Limited Royal Bank House – 3rd Floor 24 Shedden Road, P.O. Box 1586 Grand Cayman KY1-1110 Cayman Islands
Principal bankers	China Construction Bank (Asia) Corporation Limited 28/F, CCB Tower 3 Connaught Road Central Central, Hong Kong DBS Bank (Hong Kong) Limited 11/F., The Center 99 Queen’s Road Central Central Hong Kong
Stock Code	2330
Company website	www.chinauptown.com.hk

12. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Executive Directors

Mr. Pang Chung Fai Benny (“**Mr. Pang**”), aged 51, was appointed as an executive Director and the chairman of the Board on 10 April 2023. Mr. Pang practiced as a lawyer since 1997 with several international law firms in Hong Kong and Sydney, Australia over two decades specialized in capital markets and general corporate and commercial work. Between 2009 to 2023, Mr. Pang held managing role of such law firms. Mr. Pang retired from his legal practice on 31 December 2023.

Mr. Pang was a non-executive director of Huabang Technology Holdings Limited (a company with its shares listed on the main board of the Stock Exchange (stock code: 3638)) from 12 April 2018 to 30 October 2021. He was also an independent non-executive director of Janco Holdings Limited (a company with its shares listed on the GEM of the Stock Exchange (stock code: 8035)) from 27 September 2019 to 5 May 2021, an independent non-executive director of Sanbase Corporation Limited (a company with its shares listed on the GEM of the Stock Exchange (stock code: 8501)) from 8 December 2017 to 30 July 2021 and an independent non-executive director of Yuanda China Holdings Limited (a company with its shares listed on the main board of the Stock Exchange (stock code: 2789)) from 12 April 2011 to 6 June 2023 respectively.

Mr. Pang received his bachelor's degree in laws (honors) from Bond University, Australia, in 1996. In 1997, Mr. Pang obtained his Graduate Diploma in Legal Practice and master's degree in laws from The College of Law, Sydney and the University of New South Wales, Australia, respectively. He has been admitted as a legal practitioner of the Supreme Court of New South Wales, Australia since 1997 and as a solicitor of the High Court of Hong Kong since 2009.

Mr. Fu Yongyuan (“**Mr. Fu**”), aged 68, was appointed as an executive Director and the chief executive officer of the Company on 10 April 2024. Mr. Fu is a marine engineer and an economist for the shipping management. He graduated from Guangdong Province Economics Management Institute majoring in Industrial Economic Management and has over 40 years of experience in shipping and freight management. For two decades from 1972 to 1992, Mr. Fu served in the COSCO System including 廣州遠洋運輸公司 (COSCO Guangzhou). His responsibilities ranged from management of freight to vessel chartering operations.

Mr. Fu was appointed as an executive director of Titan Petrochemicals Group Limited (“**TPGL**”) (a company with its shares listed on the main board of the Stock Exchange (stock code: 1192) and delisted on 23 August 2023) on 3 July 2012 and the chairman and legal representative of 泉州船舶工業有限公司 (Titan Quanzhou Shipyard Co., Ltd.) on 27 August 2012. On 30 September 2015, he resigned as the executive director of TPGL. Mr. Fu was appointed as an executive director of Asia Energy Logistics Group Limited (“**AELG**”) (a company with its shares listed on the main board of the Stock Exchange (stock code: 351)) on 6 July 2016. He resigned as an executive director of AELG on 30 October 2020.

Mr. Zhang Xiao Jun (“**Mr. Zhang**”), aged 49, was appointed as an executive Director of the Company on 30 October 2023. Mr. Zhang is an accomplished and performance-driven professional management with extensive experience in reorganizing and streamlining financial operations to increase performance and profitability. As the executive director and president of Guizhou Starcrest Education Management Co. Ltd. in China and Starcrest Education Ltd. (a company whose shares are listed on the main market of London Stock Exchange, stock ticker: OBOR) in the United Kingdom, he has demonstrated expertise in managing funds, optimizing cash flow, establishing investment funds, and providing investment and financing services.

Mr. Zhang is skilled in strategic planning, business intelligence, continuous process improvement, ensuring compliance with financial regulations and implementing effective development strategies. Mr. Zhang excels in corporate governance, promulgating compliance with financial regulations, and ensuring the implementation of robust internal control processes. He has provided strategic guidance in developing and updating policies and procedures, critically assessed and improved internal control processes, and produced accurate cost optimization processes to enhance the organization's efficiency and reduce costs.

Prior to his current roles, Mr. Zhang held the position of assistant to the general manager and deputy general manager at YBN Holdings Limited in Shenzhen, China during August 2006 to March 2016. Additionally, Mr. Zhang served as the general manager at Henan Agricultural Development Investment in Henan, China during August 2008 to March 2016, where he played a key role in setting up the first agricultural industry fund in China with a designed fund size of RMB4.8 billion.

Mr. Zhang holds a Master's degree of Commerce in Funds Management from the University of New South Wales and a Bachelor's degree of Business (Banking and Finance) from Monash University.

Mr. Liang Zhichao (“**Mr. Liang**”), aged 46, was appointed as an executive Director of the Company on 1 March 2024. Mr. Liang has extensive experience in handling relationships and liaising with various administrative departments. He served as a manager of engineering department of 廈門高誠信建設監理有限公司 (Xiamen Gaochengxin Construction Supervision Co. Ltd.*) and 廈門築鼎成工程管理有限公司 (Xiamen Zhudingcheng Engineering Management Co. Ltd.*) during January 2011 to July 2019 and October 2019 to February 2022 respectively. Mr. Liang also served as a legal affairs assistant manager of Virtual Mind Holding Company Limited (a company whose shares are listed on the Stock Exchange, Stock Code: 1520) during June 2022 to December 2023.

Mr. Liang graduated from Xiamen University majoring in business administration.

Independent non-executive Directors

Mr. Yau Sze Yeung (“**Mr. Yau**”), aged 46, was appointed as an independent non-executive Director and the chairman of the audit committee of the Company (the “**Audit Committee**”) on 6 July 2022. He has over 20 years of experience in various sections of the financial industry including audit and corporate finance. He has been an independent non-executive director of Chi Ho Development Holdings Limited (a company listed on GEM of the Stock Exchange; stock code: 8423) since February 2017. He was the financial controller of Janco Holdings Limited (“**Janco**”) (a company listed on GEM of the Stock Exchange; stock code: 8035) from July 2015 to October 2019 and was also an executive director and company secretary of Janco from April 2016 to October 2019. Mr. Yau obtained a bachelor's degree of business administration in accountancy from City University of Hong Kong. He is currently a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Chen Weijiang (“**Mr. Chen**”), aged 50, was appointed as an independent non-executive Director, the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee respectively on 3 January 2020. Mr. Chen has over twenty years of experience in the sugar markets in the People’s Republic of China. Mr. Chen obtained a law degree from the Xi’an Politics Institute of the People’s Liberation Army* (解放軍西安政治學院) and commenced work at the Zhanjiang Hengde Sugar Company Limited* (湛江恒德糖業有限公司) in 1997. From 2007 to 2017, Mr. Chen acted as the executive director of Zhanjiang Hengde Sugar Company Limited* (湛江恒德糖業有限公司).

Mr. Lee Chun Tung (“**Mr. Lee**”) (formerly as, Li Chun Chiu), aged 53, was appointed as an independent non-executive Director, a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee on 17 June 2022. He obtained a Master’s degree of science in financial engineering from City University of Hong Kong in 2007. He was awarded the Bachelor’s (Honour) degree in accounting and finance from Manchester Metropolitan University in 1994. Mr. Lee has been an executive director of Pinestone Capital Limited (a company listed on the main board of the Stock Exchange; stock code: 804) since 14 September 2022. He was the senior vice president of Eternal Sincere Finance Limited from May 2019 to 12 June 2022. He was a chief operating officer of BOA Financial Group Limited from September 2017 to May 2019, a director of the synthetic prime service of Haitong International Securities Company Limited during December 2015 to September 2017, a director of global commodities division of China Merchants Securities (HK) Co., Ltd during April 2014 to December 2015, an operations manager of QRMO (Quality Risk Management & Operations) from June 2013 to April 2014, a director of finance and treasury division of BOC International Holdings Limited during August 2006 to June 2013, an assistant manager of the risk management department of Mizuho Securities Asia Limited from September 2005 to June 2006 and controller of Hong Kong product control division, Singapore financial control division and Hong Kong financial control division of Credit Suisse First Boston (HK) Ltd. during May 2004 to October 2004, October 2002 to April 2004 and December 1999 to October 2002 respectively. Mr. Lee has extensive experience in internal control, risk management and regulatory compliance.

Senior Management

Company secretary

Ms. Ho Sze Wan (“**Ms. Ho**”) has over ten years of experience in the corporate secretarial field and has worked for several listed companies in Hong Kong over the years. Ms. Ho is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She holds a Bachelor degree in Laws from University of London and a Master degree in Corporate Governance from The Hong Kong Polytechnic University.

Business Address of the Directors

The business address of the Directors is the same as the Company's principal place of business in Hong Kong.

13. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$2,300,000, which are payable by the Company.

14. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.chinauptown.com.hk>) for 14 days from the date of this Prospectus:

- (i) the accountant's report on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this Prospectus;
- (ii) the material contracts as referred to in the paragraph headed "9. Material Contracts" in this Appendix;
- (iii) the written consent referred to in the paragraph headed "10. Expert and Consent" in this Appendix; and
- (iv) the Prospectus Documents.

15. MISCELLANEOUS

- (i) As at the Latest Practicable Date, to the best knowledge of the Directors, there were no restrictions affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (ii) As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.
- (iii) The English language text of the Prospectus Documents shall prevail over its Chinese language text, in case of any inconsistency.

16. LEGAL EFFECT

This Prospectus, the PAL and the EAF, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. This Prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

17. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of this Prospectus, together with copies of the PAL and EAF and the written consent referred to in the paragraph headed “10. Expert and Consent” in this Appendix, has been registered with the Registrar of Companies in Hong Kong for registration pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).