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China Uptown Group Company Limited

中國上城集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2330)

**PROPOSED CAPITAL REDUCTION OF ISSUED SHARES
AND
SUB-DIVISION OF UNISSUED SHARES;
AND
CHANGE IN BOARD LOT SIZE**

**PROPOSED CAPITAL REDUCTION OF ISSUED SHARES AND SUB-DIVISION
OF UNISSUED SHARES**

The Company proposes to implement the Capital Reduction involving the reduction of the par value of each of the issued Share from HK\$1.00 to HK\$0.01 by cancelling the paid up capital to the extent of HK\$0.99 per issued Share so that following such reduction, each issued New Share will have a par value of HK\$0.01. The credit arising from the Capital Reduction will be applied towards offsetting the Accumulated Losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company.

Immediately following the Capital Reduction becoming effective, each authorized but unissued Share will be sub-divided into one hundred (100) unissued New Shares with a par value of HK\$0.01 each.

As at the date of this announcement, 254,469,052 Shares have been issued and are fully paid or credited as fully paid. Assuming that the par value of each of the 254,469,052 issued Shares will be reduced from HK\$1.00 to HK\$0.01 per issued New Share by cancelling the paid up share capital to the extent of HK\$0.99 per issued Share by way of a reduction of capital, so as to form issued New Shares with par value of HK\$0.01 each, the Company's existing issued share capital of HK\$254,469,052 will be reduced by HK\$251,924,361.48 to HK\$2,544,690.52.

The Capital Reduction and the Sub-division are conditional upon fulfillment of the conditions contained in the section headed “Conditions of the Capital Reduction and the Sub-division” in this announcement.

A circular containing, among other matters, details of the Capital Reduction and the Sub-division, together with a notice convening the EGM and the related proxy form, will be sent to the Shareholders on or before Wednesday, 7 June 2023.

CHANGE IN BOARD LOT SIZE

The Board announces that the board lot size for trading in the Shares on the Stock Exchange will be changed from 4,000 Shares to 8,000 New Shares subject to the Capital Reduction and the Sub-division becoming effective. After the Change in Board Lot Size becoming effective, shareholders may submit their existing share certificates in board lot of 4,000 Shares each to the Share Registrar in exchange for new share certificates in board lot of 8,000 New Shares each at the expense of the Company.

PROPOSED CAPITAL REDUCTION OF ISSUED SHARES AND SUB-DIVISION OF UNISSUED SHARES

As at the date of this announcement, the authorised share capital of the Company is HK\$300,000,000 divided into 300,000,000 Shares of par value HK\$1.00 each, of which 254,469,052 Shares have been issued and are fully paid or credited as fully paid. The Board proposes the Capital Reduction and the Sub-division to be implemented in the following manner:

- (i) the par value of each of the issued Shares be reduced from HK\$1.00 to HK\$0.01 per issued New Share by cancelling the paid up share capital to the extent of HK\$0.99 per issued Share;
- (ii) the credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses (the “**Accumulated Losses**”) of the Company as at the effective date of the Capital Reduction in a manner as permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate;
- (iii) immediately following the Capital Reduction, each of the authorised but unissued Shares with par value of HK\$1.00 each be sub-divided into 100 New Shares with par value of HK\$0.01 each; and
- (iv) each of the New Shares arising from the Capital Reduction and Sub-division shall rank *pari passu* in all respects with each other and will have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Capital Reduction and the Sub-division become effective, the share capital structure of the Company will be as follows:

	As at the date of this announcement	Immediately after the Capital Reduction and the Sub-division becoming effective
Par value	HK\$1.00 per Share	HK\$0.01 per New Share
Amount of the authorized share capital	HK\$300,000,000	HK\$300,000,000
Number of authorized Shares	300,000,000	30,000,000,000
Amount of issued share capital	HK\$254,469,052	HK\$2,544,690.52
Number of issued Shares	254,469,052	254,469,052

The Change in Board Lot Size shall be effective upon the Capital Reduction and Sub-division becoming effective, and after the Change in Board Lot Size becoming effective, the New Shares shall be traded in board lots of 8,000 New Shares. The New Shares will rank *pari passu* in all respects with each other.

As at the date of this announcement, 254,469,052 Shares have been issued and are fully paid or credited as fully paid. Assuming that the par value of each of the 254,469,052 issued Shares will be reduced from HK\$1.00 to HK\$0.01 per issued New Share by cancelling the paid up share capital to the extent of HK\$0.99 per issued Share by way of a reduction of capital, so as to form issued New Shares with par value of HK\$0.01 each, the Company's existing issued share capital of HK\$254,469,052 will be reduced by HK\$251,924,361.48 to HK\$2,544,690.52.

Reasons for and effects of the Capital Reduction and the Sub-division

The proposed Capital Reduction and Sub-division will enable the par value of the Shares to be reduced from HK\$1.00 to HK\$0.01 each. The credit arising from the Capital Reduction will be applied towards offsetting the Accumulated Losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company.

The Board is of the opinion that the proposed Capital Reduction will give greater flexibility to the Company to declare dividends and/or to undertake any corporate exercise which requires the use of distributable reserves in the future, subject to the Company's performance and when the Board considers that it is appropriate to do so in the future.

Since the Shares were trading below par value for a period of time, the Board considers that the Capital Reduction and Sub-division will enable the nominal or par value of the Shares to be reduced from HK\$1.00 to HK\$0.01 each, for the purpose of further enhancing flexibility to the Company to issue new shares in the future given that the Company is not permitted, without order of the Court, to issue new shares below their nominal or par value. It is important for Shareholders to note that, at this stage, there can be no assurance that any dividends will be declared or paid in the future, or that the Company will issue New Shares, even if the Capital Reduction and the Sub-division take effect.

As such, the Directors are of the view that the Capital Reduction and the Sub-division are in the best interests of the Company and its Shareholders as a whole.

Save for applying the credit arising from the Capital Reduction towards offsetting the Accumulated Losses of the Company and the expenses to be incurred in relation to the Capital Reduction and the Sub-division, the Directors consider that the Capital Reduction and the Sub-division will have no effect on the underlying assets, business operations, management or financial position of the Company or the proportional interests of the Shareholders in the Company.

As at the date of this announcement, the Company has no intention to carry out other corporate action or arrangement, including share consolidation, share sub-division and capital reduction, in the next 12 months.

Conditions of the Capital Reduction and the Sub-division

The Capital Reduction and the Sub-division are conditional on the following conditions being fulfilled:

- (i) the Shareholders' approval by way of special resolution at the EGM to be convened and held to consider and, if thought fit, approve, among other things, the Capital Reduction and the Sub-division;
- (ii) an order being made by the Court confirming the Capital Reduction;
- (iii) compliance with any conditions which the Court may impose in relation to the Capital Reduction;
- (iv) registration by the Registrar of Companies of the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minutes approved by the Court containing the particulars required under the Companies Act with respect to the Capital Reduction; and
- (v) the Listing Committee granting the listing of, and permission to deal in, the New Shares arising from the Capital Reduction and the Sub-division.

The Capital Reduction and the Sub-division will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Capital Reduction and the Sub-division at the EGM, the legal advisors to the Company (as to the Cayman Islands law) will apply to the Court for hearing date(s) to confirm the Capital Reduction and a further announcement will be made by the Company as soon as practicable after the Court hearing date(s) is confirmed.

Listing of and dealings in the New Shares

Application will be made to the Listing Committee for the listing of, and permission to deal in, the New Shares arising from the Capital Reduction and the Sub-division.

The New Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

None of the share capital or debt securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

CHANGE IN BOARD LOT SIZE

The Board announces that subject to the Capital Reduction and the Sub-division becoming effective, the board lot size for trading in the Shares on the Stock Exchange will be changed from 4,000 Shares to 8,000 New Shares.

Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020, the expected board lot value should be greater than HK\$2,000 after taking into account the minimum transaction costs for a securities trade. As at the date of this announcement, the Shares were traded significantly below HK\$2,000 per board lot. The Change in Board Lot Size will reduce transaction and handling costs of dealing in the New Shares, including those fees which are charged with reference to the number of board lots.

The Change in Board Lot Size will not result in any change in the relative rights of the Shareholders. As no odd lots of the Shares will result from the aforesaid change in board lot size, no odd lot arrangement is required to be made to match the sales and purchases of odd lots. The Board considers that the Change in Board Lot Size to be in the interest of the Company and its Shareholders as a whole.

Exchange of share certificates for the New Shares

As the Court hearing date(s) has yet to be fixed, the effective date of the Capital Reduction is not ascertainable at present. Should the Capital Reduction and the Sub-division become effective, Shareholders may submit existing certificates for the Shares to the Share Registrar, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for exchange, at the expense of the Company, within one month from the effective date of the Capital Reduction and the Sub-division, for certificates for the New Shares. Details of such free exchange of share certificates will be announced as soon as the effective date of the Capital Reduction and the Sub-division is ascertained.

All existing certificates of the Shares will continue to be evidence of title to such Shares and be valid for delivery, trading and settlement purpose.

It is expected that the new share certificates will be available for collection from the Share Registrar by the Shareholders within ten (10) business days after delivery of the existing share certificates to the Share Registrar for exchange purpose.

Save and except for the change in the number of Shares for each board lot, the new share certificates will have the same format and colour as the existing share certificates.

General

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other matters, the Capital Reduction and the Sub-division. A circular containing, among other matters, details of the Capital Reduction and the Sub-division, together with a notice convening the EGM and the related proxy form, will be sent to the Shareholders on or before Wednesday, 7 June 2023.

As no Shareholders have a material interest in the Capital Reduction and the Sub-division, no Shareholders will be required to abstain from voting on the resolutions to approve the Capital Reduction and the Sub-division.

EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Capital Reduction and Sub-division. The expected timetable is subject to the results of the EGM and satisfaction of the conditions to the Capital Reduction and the Sub-division and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to the Hong Kong local times and dates.

Event	Time and Date
Despatch of Circular and notice of EGM	Wednesday, 7 June 2023
Latest time for lodging share transfer in order to qualify for attending and voting at the EGM	4:00 p.m. on Monday, 19 June 2023
Closure of register of members for determining the entitlement to attend and vote at the EGM (both dates inclusive)	Tuesday, 20 June 2023 to Monday, 26 June 2023
Latest time for lodging forms of proxy for the EGM	10:30 a.m. on Saturday, 24 June 2023
Date and time of the EGM	10:30 a.m. on Monday, 26 June 2023
Announcement of voting results of the EGM	Monday, 26 June 2023

The following events are conditional on the results of the EGM and the approval from the Court and therefore the dates are tentative:

Last day for trading of the Shares in board lot of 4,000 Shares each in the original counter	Monday, 25 September 2023
Expected effective date of the Capital Reduction and the Sub-division	Before 9:00 a.m. on Tuesday, 26 September 2023
Commencement of dealing in the New Shares	9:00 a.m. on Tuesday, 26 September 2023
Effective date of the Change in Board Lot Size from 4,000 Shares to 8,000 New Shares	9:00 a.m. on Tuesday, 26 September 2023

Event	Time and Date
First day of free exchange of existing share certificates for new share certificates for the New Shares	Tuesday, 26 September 2023
Last day of free exchange of existing share certificates for new share certificates for the New Shares	Wednesday, 25 October 2023

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange generally is open for business of dealing in securities in Hong Kong. For the avoidance of doubt, where the Stock Exchange is closed for the business of dealing in securities in Hong Kong on a business day by reason of a Number 8 or higher typhoon signal, black rainstorm warning or other similar event, such day shall for the purposes of this announcement be counted as a business day
“Capital Reduction”	the reduction of the issued share capital of the Company by reducing the par value of each issued Share from HK\$1.00 to HK\$0.01 by cancelling the paid up share capital to the extent of HK\$0.99 per issued Share
“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
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 4,000 Shares to 8,000 New Shares
“Companies Act”	the Companies Act (As Revised) of the Cayman Islands

“Company”	China Uptown Group Company Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange
“Court”	the Grand Court of the Cayman Islands
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Capital Reduction and Sub-division
“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
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	has the same meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company immediately following the Capital Reduction and the Sub-division becoming effective
“Share(s)”	ordinary share(s) with par value of HK\$1.00 each in the share capital of the Company prior to the Capital Reduction and the Sub-division becoming effective
“Shareholder(s)”	the holder(s) of the Share(s) or the New Share(s)
“Share Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Union Registrars Limited, the address of which is at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Sub-division”	the sub-division of each authorised but unissued Share into one hundred (100) unissued New Shares
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 29 May 2023

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