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## **CHINA PROPERTIES GROUP LIMITED**

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

**(Stock Code: 1838)**

### **CLARIFICATION ANNOUNCEMENT**

Reference is made to the announcement (the “**Announcement**”) of China Properties Group Limited dated 12 August 2020 relating to the Company’s continuing connected transaction in relation to the New Tenancy Agreement and the New Sharing Agreement. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, on 12 August 2020, Magico (an indirect wholly-owned subsidiary of the Company) entered into the New Tenancy Agreement as a co-tenant with Oripuma, the landlord, and Frank Union, the other co-tenant to lease the Principal Office for a further term of three years from 1 August 2020 to 31 July 2023. On the same date, Magico also entered into the New Sharing Agreement with Frank Union to specify their respective rights and liabilities under the New Tenancy Agreement. As further disclosed in the Announcement, the entering into of the New Tenancy Agreement and the New Sharing Agreement (the “**Transactions**”) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Board wishes to clarify that the Transactions shall constitute connected transactions of the Company instead of continuing connected transactions of the Company.

The Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accounts (the “**HKFRS**”) applicable to the Group include HKFRS 16 “Leases” which came into effect on 1 January 2019. Under HKFRS 16, the Group, as the lessee, shall recognise a lease as a right-of-use asset and a lease liability in the consolidated statement of financial position of the Group. The Transactions will be regarded as an acquisition of asset under the definition of transaction set out in Rule 14.04(1)(a) of the Listing Rules. The value of the right-of-use of asset recognised under the Transactions is approximately HK\$8,239,000 (the “**Value of the Right-of-use Asset**”). The amount of lease liability recognised under the Transactions shall be same as the Value of the Right-of-use Asset recognised.

As the highest applicable ratio for the Value of the Right-of-use Asset in respect of the connected transactions contemplated under the Transactions is less than 5%, the Transactions are subject to the reporting and announcement requirements but exempt from the independent shareholders approval requirement under Chapter 14A of the Listing Rules. Save as the information stated above, all the information in the Announcement remains unchanged.

By Order of the Board  
**CHINA PROPERTIES GROUP LIMITED**  
**Dr. Wang Shih Chang, George**  
*Chairman*

Hong Kong, 13 August 2020

*As at the date of this announcement, the Board of the Company comprises Dr. Wang Shih Chang, George, Mr. Wong Sai Chung and Mr. Xu Li Chang as executive directors, Mr. Kwan Kai Cheong as non-executive director and Mr. Warren Talbot Beckwith, Mr. Luk Koon Hoo and Dr. Garry Alides Willinge as independent non-executive directors.*