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CHINA PROPERTIES GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1838)

QUARTERLY UPDATE ON STATUS OF RESUMPTION

This announcement is made by China Properties Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2)(a) and 13.24A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements (the “**Announcements**”) of the Company dated 24 March 2021, 30 April 2021 and 31 May 2021 in relation to, among other matters, delay in publication of the 2020 annual results, delay in despatch of the annual report for the year ended 31 December 2020, the Resumption Guidance and suspension of trading in the shares of the Company from 9:00 a.m. on 1 April 2021. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements. The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to provide the shareholders of the Company (the “**Shareholders**”) further update as follows:

QUARTERLY UPDATE REGARDING BUSINESS OPERATION OF THE GROUP

The Group is principally engaged in the property development and property investment business in the People’s Republic of China. To the best knowledge of the Directors and based on preliminary assessment, as at the date of this announcement, the suspension of the trading of the shares of the Company (the “**Shares**”) has not resulted in any significant adverse impact on the business operations of the Group in all material respects. Updates on the legal disputes are set out below in the paragraph headed “Other Updates” below.

The Company will continuously assess the impact on the Company's operations, if any, take appropriate measures and make further announcement as and when appropriate.

UPDATE ON RESUMPTION PROGRESS

As disclosed in the announcement of the Company dated 31 May 2021, the Stock Exchange has set out the Resumption Guidance for the Company:

- (i) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (ii) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; and
- (iii) inform the market of all material information for the Company's shareholders and investors to appraise the Company's position.

As at the date of this announcement, the audit of the 2020 Annual Results has not been completed. The Company has been proactively working with the Company's auditors with a view to resolving the issues concerning the audit of the 2020 Annual Results. The Company will publish further announcement to inform the Shareholders and potential investors of (i) the date of publication of the 2020 Annual Results; and (ii) the date of despatch of the 2020 Annual Report as soon as possible.

The Company remains committed to use its best endeavours to satisfy the Resumption Guidance as soon as practicable and will make further announcement(s) as and when appropriate should there be any material development on the Resumption Guidance.

OTHER UPDATES

References are made to the annual report of the Company for the financial year ended 31 December 2019 dated 3 June 2020 and the interim report for the six months ended 30 June 2019 and 2020 dated 29 August 2019 and 31 August 2020, respectively (the "**Reports**") in relation to legal disputes involving certain wholly-owned subsidiaries of the Company.

As disclosed in the Reports,

- (a) on 28 August 2015, Shanghai Jingan-Concord Real Estate Co., Ltd. ("**Shanghai Jingan**") and Shanghai Minhang Concord Property Development Co., Ltd. ("**Shanghai Minhang**"), each a wholly-owned subsidiary of the Company as borrowers entered into an entrusted loan agreement with 平安大華匯通財富管理有限公司 ("**PinganDahua**") whereby an entrusted loan in the aggregate amount of RMB1.3 billion was granted (the "**PinganDahua Entrusted Loan**"), originally repayable by 31 August 2018 and extended verbally to 15 October 2018. Since then, the above parties have been in negotiations on new repayment arrangements.

PinganDahua, without notice to Shanghai Jingan and Shanghai Minhang, made an application to the notary office for an execution certificate at the end of December 2018 and filed an application for enforcement with the High Court of Shanghai;

- (b) on 17 November 2017, Chongqing Riverside Real Estate Co., Ltd. (“**Chongqing Riverside**”), a wholly-owned subsidiary of the Company, as borrower entered into an entrusted loan agreement with 深圳市平安德成投資有限公司 (“**PinganDecheng**”), a fellow subsidiary of PinganDahua, whereby an entrusted loan in the aggregate amount of RMB500 million was granted to Chongqing Riverside (the “**PinganDecheng Entrusted Loan**”) repayable by 2 February 2020. The PinganDecheng Entrusted Loan was secured by guarantee provided by each of Shanghai Jingan and Shanghai Minhang. Since the 4th quarter of 2018, the above parties have been in negotiations on new repayment arrangements. PinganDecheng without notice to Chongqing Riverside, obtained an enforcement order from Chongqing Fifth Intermediate People’s Court on 15 April 2019 against Chongqing Riverside, Shanghai Jingan and Shanghai Minhang in respect of the principal amount of RMB500 million under the PinganDecheng Entrusted Loan together with interest and legal costs incurred; and
- (c) on 26 January 2016, Chongqing Riverside as borrower entered into an entrusted loan agreement with 深圳市思道科投資有限公司 (“**SSI**”), a fellow subsidiary of PinganDahua, whereby an entrusted loan in the aggregate amount of RMB500 million was granted (the “**SSI Entrusted Loan**”) to Chongqing Riverside repayable by 27 January 2020. The SSI Entrusted Loan was secured by guarantee provided by each of Shanghai Jingan and Shanghai Minhang. Since the 4th quarter of 2018, the above parties have been in negotiations on new repayment arrangements. SSI without notice to Chongqing Riverside, obtained an enforcement order from Chongqing Fifth Intermediate People’s Court on 16 April 2019 against Chongqing Riverside, Shanghai Jingan and Shanghai Minhang in respect of the principal amount of RMB500 million under the SSI Entrusted Loan together with interest and legal costs incurred.

Each of PinganDahua, PinganDecheng and SSI has since assigned all their respective rights under the PinganDahua Entrusted Loan, the PinganDecheng Entrusted Loan and the SSI Entrusted Loan to 西藏瓏達信投資管理有限公司 (Tibet Lingdaxin Investment Management Co., Ltd.*).

On 10 June 2021, the Company noted from 公拍網 (Public Auction Platform*), an online public auction platform established by the Shanghai Trade Association of Auctioneers that the Shanghai Second Intermediate People’s Court (上海市第二中級人民法院) has issued a notice (the “**Notice**”) in relation to the proposed auction of a parcel of land (lot #4) (the “**Lot #4 Land**”) owned by Shanghai Jingan with total site area of 19,800 square meters located in the southern portion of Shanghai Concord City Phase II, which was mortgaged as security under the PinganDahua Entrusted Loan (the “**Proposed Auction**”). The Proposed Auction is scheduled to take place from 11 July 2021 to 14 July

2021. According to the Notice, as the Lot #4 Land was determined as idle land by Shanghai Jingan District Planning and Natural Resources Bureau (the “**Jingan Bureau**”) in July 2018 (the “**Determination**”), the Lot #4 Land will be auctioned on the basis that it is idle land.

As disclosed in the Reports, the directors of the Company (the “**Directors**”) considered the Determination by the Jingan Bureau to be invalid and the Company has been dealing with Jingan Bureau to resolve the Determination. A hearing between Jingan Bureau and the Company to dispute the merit of the Determination has since taken place and the result of which is still pending. The Directors consider that the Proposed Auction taking place before the result of the hearing may result in substantive undervaluing of the Lot #4 Land. The Company is seeking legal advice and has filed an objection against the listing of the Lot #4 Land on 公拍網 (Public Auction Platform*) and commenced an administrative proceeding to contest against the Proposed Auction. The Company will make further announcement(s) on the material development and progress in relation to the Proposed Auction as and when appropriate.

The Company will inform the Shareholders and potential investors of the Company on material progress of the legal disputes as and when appropriate.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in shares of the Company was suspended from 9:00 a.m. on 1 April 2021 and will remain suspended until further notice.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 30 June 2021

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.

* For identification purpose only