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Evergrande Property Services Group Limited

恒大物業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6666)

CHANGE OF AUDITOR

This announcement is made by Evergrande Property Services Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(a) RESIGNATION OF AUDITOR

The board of directors of the Company (the “**Board**”) hereby announces that, at the recommendation of the Company, PricewaterhouseCoopers (“**PwC**”) has resigned as the Company’s auditor with effect from 16 January 2023.

The Company is actively pushing forward the work for resumption of trading, and it is particularly important and critical to complete the audited financial statements for 2021. The Company and PwC have not been able to agree on the timetable and the scope of work in respect of the assessment on the Group’s going concern basis and implications of the relevant disclosure, as well as the additional audit work and procedures required for the assets impairment assessment and contingencies. As such, the Board is of the view that it is in the best interests of the Company and its stakeholders to appoint another auditor to complete the audit work as soon as practicable, and therefore the Board recommended PwC to resign as the auditor of the Company.

PwC considered the Board’s recommendation of its resignation as the Company’s auditor. As PwC has not been able to obtain sufficient explanations and evidence for the matters below, PwC is therefore unable to determine the scope of any necessary additional audit work and is also not in a position to provide a reasonable estimate of the time required to complete the audit work for the year 2021. Accordingly, PwC has agreed to resign as the Company’s auditor with effect from 16 January 2023.

In its resignation letter to the audit committee and the Board dated 16 January 2023, PwC set out the matters leading to its resignation as the Company’s auditor, which also represent those matters that PwC consider should be brought to the attention of the Company’s shareholders and creditors, and such matters are set out below.

In its resignation letter, PwC pointed out that it had not received information related to certain significant matters of the audit of the consolidated financial statements of the Company and its subsidiaries for the year 2021, including:

- (1) With respect to the deduction of the RMB 13.4 billion deposit pledge guarantee (the “**Pledge Guarantee**”) by the relevant bank as disclosed in the Company’s announcement dated 22 July 2022 on “Preliminary Findings of the Independent Investigation”, while the Company has provided the preliminary independent investigation report on the Pledge Guarantee, it has not yet provided:
 - (a) the final independent investigation report issued by the independent investigation committee in relation to the Pledge Guarantee;
 - (b) the accounting impact assessment in respect of the Pledge Guarantee, and the legal opinion on the Group’s legal ownership of RMB 13.4 billion non-trade receivables from China Evergrande Group (“**Evergrande Group**”);
 - (c) the assessment on the specific plan for the repayment of the RMB 13.4 billion by Evergrande Group to the Group and the recoverability of such amount, in order to determine whether any provision or written-off should be made;
 - (d) the request for a comprehensive review by the management of the Group into the contracts or agreements entered into by the Group in order to identify whether there are other potential transactions or matters which have not been properly authorized or recorded; and
 - (e) the results of the internal control consultant’s comprehensive assessment of the Group’s internal control and risk management system.
- (2) The balance of the Group’s trade receivables from Evergrande Group and its joint ventures was approximately RMB 2.3 billion as of 31 December 2021. The management of the Group is yet to provide supporting information and relevant assessment on the expected credit loss on the RMB 2.3 billion trade receivables.
- (3) The assessment on the Group’s going concern preparation basis for the year 2021 and implications of the relevant disclosure, plans and measures proposed for future cash flow, and reasonable explanations or basis for certain key assumptions adopted for the cash flow forecast.

(4) Other important financial information, including supporting documents for part of the revenue, costs and fees, completeness analysis on liquidated damages and other liabilities, detailed information of certain litigations and accounting impact assessment of such cases, certain assessment materials relating to the acquisitions of property management companies by the Group in 2021 (including impairment assessment of intangible assets and goodwill, financial supporting documents, accounting impact assessment), balances with related parties and list of related party transactions as well as the reconciliations results thereof.

Save as disclosed in this announcement, the Board is not aware of other matters and circumstances relevant to the resignation of PwC that need to be brought to the attention of the Company's shareholders and creditors.

The Board would like to take this opportunity to express its heartfelt gratitude to PwC for its professional services provided to the Company over the past years.

(b) APPOINTMENT OF AUDITOR

The Board also hereby announces that, having considered the recommendation of the audit committee of the Company, it has resolved to appoint Prism Hong Kong and Shanghai Limited (上會栢誠會計師事務所有限公司) (“Prism”) as the new auditor of the Company to fill the temporary vacancy following PwC's resignation for a term until the conclusion of the next annual general meeting of the Company. Prism is a member firm of Shanghai Certified Public Accountants (Special General Partnership) in Hong Kong.

The Board would like to take this opportunity to welcome Prism as the auditor of the Company.

By order of the Board
Evergrande Property Services Group Limited
Duan Shengli
Executive Director

Hong Kong, 16 January 2023

As at the date of this announcement, the Board comprises Mr. Duan Shengli, Mr. Hu Liang, Mr. Lu Peimei, Mr. Wang Zhen and Ms. Yu Fen as executive directors, and Mr. Peng Liaoyuan, Ms. Wen Yanhong and Mr. Guo Zhaohui as independent non-executive directors.