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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)

INSIDE INFORMATION

PRELIMINARY FINDINGS OF THE INDEPENDENT INVESTIGATION

This announcement is made by Evergrande Property Services Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Reference is made to the announcement of the Company dated 21 March 2022 regarding the Company, in the review of its financial report for the year ended 31 December 2021, found that deposits of approximately RMB13.4 billion as security for third party pledge guarantees (the “**Pledges**”) had been enforced by the relevant banks.

Preliminary findings of the independent investigation

Based on the preliminary findings of the independent investigation committee of the Company, the loans secured by the Pledges (after deduction of fees) were transferred to China Evergrande Group (“**China Evergrande**”) and its subsidiaries (excluding the Group) (the “**Evergrande Group**”). China Evergrande is the controlling shareholder of the Company. The Pledges involve three sets of deposit certificate pledges as follows.

1. RMB2 billion deposit certificate pledge guarantee

In December 2020, a subsidiary of the Company provided a third party company with a RMB2 billion deposit certificate pledge guarantee by way of time deposits, enabling that third party company to obtain a bank loan of equal amount. The funds obtained (after deduction of fees) were indirectly transferred to the Evergrande Group via other third parties. The bank loan was due in March 2021 and had been repaid, and the relevant deposit certificate pledge had been released.

During March 2021, a subsidiary of the Company provided another third party company with a RMB2 billion deposit certificate pledge guarantee by way of time deposits, enabling that third party company to obtain a bank loan. The funds obtained (after deduction of part of the fees) were indirectly transferred to the Evergrande Group via other third parties.

The second bank loan was due in September 2021, and the borrower failed to repay the loan. The RMB2 billion deposit certificate pledge provided by the subsidiary of the Company was enforced in September 2021.

2. RMB8.7 billion deposit certificate pledge guarantees

In January, July and August 2021, a subsidiary of the Company provided two sets of deposit certificate pledge guarantees to various third party companies by way of time deposits, enabling those third party companies to obtain bank loans. The pledged deposits under the first set of deposit certificate pledges amounted to RMB8 billion. The relevant loans were repaid in July 2021, and the first set of deposit certificate pledges had been released. The pledged deposits under the second set of deposit certificate pledges amounted to RMB8.7 billion. The relevant funds obtained were transferred to the Evergrande Group via an associate of China Evergrande.

The bank loans secured by the second set of deposit certificate pledges were due in November and December 2021, and the relevant borrowers failed to repay the loans. The RMB8.7 billion deposit certificate pledges provided by the subsidiary of the Company were transferred and enforced in November and December 2021.

3. RMB2.7 billion deposit certificate pledge guarantee

In June 2021, the Evergrande Group borrowed a sum of RMB2.7 billion from certain third parties to pay an amount payable by the Evergrande Group to the Group. At the same time, a subsidiary of the Company provided deposit certificate pledge guarantee by way of time deposits in equal amount to enable such third parties to obtain bank loans.

The relevant bank loans were due in September 2021, and the borrowers failed to repay the loans. The RMB2.7 billion deposit certificate pledge provided by the subsidiary of the Company was enforced in September 2021.

Based on the information obtained from the preliminary investigation, due to capital needs of the Evergrande Group, Mr. Zhen Litao, Mr. Zhao Changlong and Ms. An Lihong, all executive directors of the Company, were involved in the above arrangement. In view of this, and to ensure the improvement of risk control and internal control of the Company, the Board resolved to request the above directors to resign as executive directors of the Company.

The independent investigation committee of the Company will complete the relevant investigation as soon as possible and issue an investigation report.

Repayment of sums related to the Pledges

The Company is discussing with China Evergrande regarding the repayment plan of the sums related to the Pledges. The plan is mainly to set off the relevant sums by transferring assets of the Evergrande Group to the Group. The Company will use its best effort to protect the interests of the Company and its shareholders. The Company will make further announcement(s) after the relevant repayment plan has been finalised.

Listing Rules compliance

China Evergrande is the controlling shareholder of the Company, the Pledges may constitute notifiable transactions and/or connected transactions for the Company and may be subject to the relevant requirements under Chapter 14 and Chapter 14A of the Listing Rules. The Company will make announcement(s) regarding the Pledges and the relevant compliance with Chapter 14 and Chapter 14A of the Listing Rules as and when appropriate after the independent investigation is completed.

Internal control procedures of the Company

In light of the above preliminary findings of the independent investigation, the Company will consider appointing an internal control consultant to conduct a comprehensive review of the internal control and risk management systems of the Company.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Evergrande Property Services Group Limited
Wang Zhen
Executive Director

Hong Kong, 22 July 2022

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.