香港聯合交易所有限公司
(香港交易及結算所有限公司全資附屬公司)
THE STOCK EXCHANGE OF HONG KONG LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

STATEMENT OF DISCIPLINARY ACTION

Exchange's Disciplinary Action against China Evergrande Group (In Liquidation) (Delisted, Previous Stock Code: 3333), Evergrande Property Services Group Limited (Stock Code: 6666) and Seven Directors

SANCTIONS

The Stock Exchange of Hong Kong Limited (**Exchange**)

CENSURES:

(1) **China Evergrande Group** (**China Evergrande**);
(2) **Evergrande Property Services Group Limited** (**Evergrande Services**);

IMPOSES:

A DIRECTOR UNSUITABILITY STATEMENT and **CENSURE** against:

(3) **Mr Hui Ka Yan**, ED and Chairman of China Evergrande as at the date of delisting (**Mr Hui**);
(4) **Mr Xia Haijun**, former ED and CEO of China Evergrande (**Mr Xia**);
(5) **Mr Pan Darong**, former ED and CFO of China Evergrande (**Mr Pan**);
(6) **Ms An Lihong**, former ED of Evergrande Services (**Ms An**);
(7) **Mr Zhao Changlong**, former ED and Chairman of Evergrande Services (**Mr Zhao**);
(8) **Mr Zhen Litao**, former ED of Evergrande Services (**Mr Zhen**); and

A PREJUDICE TO INVESTORS' INTERESTS STATEMENT and **CENSURE** against:

(9) **Mr Hu Liang**, former ED of Evergrande Services (**Mr Hu**).

(China Evergrande and Evergrande Services are collectively referred to as the **Companies**. Directors identified at (3) to (9) above are collectively referred to as the **Relevant Directors**.)

(Unless otherwise specified, definitions used in this statement and the Listing Rules relevant to this matter are set out in the Notes below.)

The Director Unsuitability Statement is a statement that, in the Exchange's opinion,

(i) each of Mr Hui, Mr Xia and Mr Pan is unsuitable to occupy a position as director or within senior management of China Evergrande or any of its subsidiaries; and

(ii) each of Ms An, Mr Zhao and Mr Zhen is unsuitable to occupy a position as director or within senior management of Evergrande Services or any of its subsidiaries.

The Prejudice to Investors' Interests Statement is a statement that, in the Exchange's opinion, the occupying of the position of director or senior management of Evergrande Services or any of its subsidiaries by Mr Hu may cause prejudice to the interests of investors.

HEARINGS

On 12 May 2026, the Listing Committee conducted a hearing into the conduct of the Companies and the Relevant Directors in relation to the obligations under the Listing Rules.

On 27 August 2026, the Listing Review Committee conducted a hearing of the review application of Mr Xia and Ms An in respect of the findings of breaches and sanctions imposed against them by the Listing Committee.

SUMMARY OF FACTS

1. This case concerns breaches of the Listing Rules by China Evergrande, Evergrande Services and the Relevant Directors relating to the provision of financial assistance by Evergrande Services and its subsidiaries (**Evergrande Services Group**) to its controlling shareholder, China Evergrande, pursuant to the Special Financing Project initiated in 2020 (described below).

   Special Financing Project / Arrangement / Pledges

2. In August 2020, the PRC government introduced financial regulatory guidelines relating to ratios of debt to cash, equity and assets to deleverage property developers in the PRC (**Three Red Lines Policy**), effective from 1 January 2021. As at 31 December 2020, China Evergrande had exceeded all three thresholds stipulated in the Three Red Lines Policy. Consequently, its ability to obtain external financing to support its business operations and

repay its debt obligations was restricted. At the time, China Evergrande's outstanding debt obligations included a bond in the principal amount of HK$18 billion issued in January 2018 (**CE Bond**), under which the bondholder, Citibank, had an option to require early redemption in February 2021.

3. In mid to late December 2020 (shortly after spinning off Evergrande Services for a separate listing), China Evergrande initiated the Special Financing Project to require, among others, Evergrande Services to provide financial assistance to meet China Evergrande Group's capital needs at the time.

4. Pursuant to the Special Financing Project, between December 2020 and August 2021, Evergrande Services Group granted pledges in the form of time deposits in the net sum of RMB13.4 billion, including part of the IPO proceeds from the listing of Evergrande Services (**IPO Proceeds**), to secure bank drafts/loans obtained by various third parties (**Pledges**). Under this arrangement (**Arrangement**), the loan proceeds were routed back to China Evergrande, and RMB10 billion was used to redeem the CE Bond (in part) in February 2021 after Citibank served an early redemption notice in January 2021.

5. The Special Financing Project, the Pledges and the Arrangement were not brought to the attention of the full Board of Evergrande Services.

6. The Pledges constituted major and connected transactions of Evergrande Services. However, Evergrande Services did not comply with Chapters 13, 14 and 14A of the Listing Rules. Evergrande Services did not disclose the Pledges in its FY2020 annual report and FY2021 interim report, in breach of Rule 2.13(2). It also failed to consult with its compliance adviser as required under Rule 3A.23.

7. Approximately 54% of the IPO Proceeds in the sum of RMB3.12 billion was applied towards the Pledges, which was inconsistent with the intended use of proceeds stated in Evergrande Services' prospectus. In the FY2021 interim report, Evergrande Services incorrectly stated that RMB4.49 billion of the IPO Proceeds remained unused and would be used according to the intended use stated in the prospectus.

8. On 21 March 2022, China Evergrande and Evergrande Services each announced that the Pledges had been enforced by PRC banks. Trading in their shares was suspended.[1]

[1] (a) Trading in China Evergrande resumed on 28 August 2023. Trading was suspended again on 29 January 2024 when China Evergrande was wound up by the High Court of Hong Kong. China Evergrande was delisted on 25 August 2025. (b) Trading in Evergrande Services resumed on 3 August 2023.

9. The discovery of the Pledges caused both China Evergrande and Evergrande Services to be unable to publish their financial results and reports by the deadlines stipulated under Chapter 13 of the Listing Rules.

Relevant Directors

10. Mr Pan, then ED and CFO of China Evergrande, was the key person who orchestrated the Special Financing Project and the Arrangement. He procured Evergrande Services to grant the Pledges in circumvention of the Listing Rules.

11. Mr Hui, then ED, Chairman and controlling shareholder of China Evergrande, and Mr Xia, then ED and CEO of China Evergrande, had, or ought to have had, knowledge of the Arrangement and/or the Pledges.

12. Ms An, Mr Zhao, Mr Zhen and Mr Hu, then EDs of Evergrande Services, participated, to varying extents, in the execution process of the Pledges. They had, or ought to have had, knowledge of the Arrangement and/or the Pledges.

13. Details of the Relevant Directors' conduct and failures in relation to the Arrangement and/or the Pledges are set out below.

Mr Pan

14. At the material time, Mr Pan was an ED and the CFO of China Evergrande. According to China Evergrande's FY2020 annual report, he took full charge of the financial management of China Evergrande and its subsidiaries (**Group**).

15. Mr Pan was aware of China Evergrande's financial position and was concerned that China Evergrande would not have sufficient funds to redeem the CE Bond. He orchestrated the Arrangement to obtain financial assistance from Evergrande Services for use by China Evergrande.

16. The funds obtained by way of the Pledges were transferred through intermediary third parties, so as to circumvent the Listing Rules applicable to connected transactions. Mr Pan was involved in the implementation of the Arrangement and the Pledges. He instructed Ms An to arrange the fund transfers, and ensured that the funds raised from the Pledges would be routed back to China Evergrande.

Mr Hui

17. Mr Hui, founder of China Evergrande, was at the material time its controlling shareholder, ED and Chairman. According to China Evergrande's FY2020 annual report, he was responsible for organising the overall development strategies of the Group.

18. He was also, at the time, the chairman of Hengda Real Estate, which controlled certain district companies that were used to implement the Arrangement and received funds sourced from the Pledges.

19. Evidence showed that Mr Hui was responsible for overseeing capital management of China Evergrande Group and Hengda Real Estate. His approval was required for the annual and monthly financing plans of Hengda Real Estate's district companies, and fund transfers between Hengda Real Estate Group and China Evergrande Group. All offshore transfers of funds (including transfers within China Evergrande Group) also required Mr Hui's final approval after approval by Mr Pan and Mr Xia.

20. Mr Hui approved certain documents for the fund transfers in the total sum of RMB10.8 billion from Hengda Real Estate Group to China Evergrande, and the payment of HK$16.4 billion to Citibank for the early redemption of the CE Bond.

21. He admitted that China Evergrande faced substantial pressure with its offshore debt repayment obligations and acknowledged that when liquidity was tight, he should pay more attention.

22. However, Mr Hui denied knowledge of or involvement in the Arrangement. He asserted that he entrusted capital management to Mr Xia and Mr Pan, and therefore his signature on documents requiring approval was merely a formality. Once he saw Mr Xia's and Mr Pan's signatures, he would sign the document without regard to their contents. Mr Hui also asserted that he did not review the weekly reports that he received which were prepared by China Evergrande's finance centre for the purpose of managing the Group's cash balance and use of funds (**Financial Funds Weekly Reports**) and which contained, among others, a breakdown of the Group's available funds and its weekly cash flows.

23. As China Evergrande's Chairman and controlling shareholder, Mr Hui should have been concerned about deleveraging and securing alternative sources of funds to move debts off China Evergrande's balance sheet. The Exchange accepted evidence that Mr Hui directed Mr Pan and other senior management to free up available cash at Evergrande Services Group for use by China Evergrande, and that questions were raised about the compliance

requirements associated with the provision of financial assistance by Evergrande Services Group to China Evergrande. Based on the evidence, Mr Hui knew, or ought to have known, about the Arrangement and/or the Pledges.

24. In any event, as China Evergrande's Chairman and ED, and by reason of China Evergrande's then financial position, Mr Hui was expected to exercise reasonable skill, care and diligence to keep himself apprised of China Evergrande's financial position and funding needs, and how such funding needs were to be and had been met.

25. Mr Hui's mindset and conduct described in paragraph 22 above demonstrated his failure to adhere to his responsibilities in the Group. He rubber-stamped documents which required his review, assessment and approval. He also blatantly or, at least, recklessly disregarded the relevant internal controls and his responsibilities prescribed under those controls. Nor did he take adequate action to follow up on China Evergrande's financial position despite the heightened liquidity pressure that it faced at the material time. Mr Hui was clearly derelict in his duties.

Mr Xia

26. Mr Xia was an ED and the CEO of China Evergrande at the material time. According to China Evergrande's FY2020 annual report, he took full charge of China Evergrande's daily operations, including financial and capital operation and management of the Group.

27. Mr Xia acknowledged that China Evergrande's finance centre was led by him and Mr Pan, assisting Mr Hui. One of his responsibilities was to ensure the normal cash flow of China Evergrande Group and he confirmed that he received the Financial Funds Weekly Reports. He also attended meetings with, among others, Mr Hui and Mr Pan, during which China Evergrande's financial position was discussed and Mr Hui directed Mr Pan and other senior management to free up available cash at Evergrande Services Group for use by China Evergrande.

28. Mr Xia attempted to distance himself from the Arrangement and/or the Pledges by arguing that he had raised questions about the compliance requirements associated with the provision of financial assistance by Evergrande Services Group to China Evergrande, that he was not aware of the potential shortfall in cash to redeem the CE Bond and that he was no longer responsible for capital management at the material time. However, based on the evidence, the Exchange accepted that Mr Xia knew, or ought to have known, about the Arrangement and/or the Pledges. In March 2021, he approved Evergrande Services to

deposit RMB2 billion with a bank, which was subsequently pledged by Evergrande Services.

29. In any event, as China Evergrande's CEO and the second person-in-charge of China Evergrande Group, and by reason of China Evergrande's then financial position, Mr Xia was expected to exercise reasonable skill, care and diligence to keep himself apprised of China Evergrande Group's financial position and funding needs, and how China Evergrande Group's funding needs were to be and had been met. His position and the information available to him (including the Financial Funds Weekly Reports) should have enabled Mr Xia to identify and continue to raise enquiries about the fund transfers under the Arrangement, but there was no evidence to suggest that Mr Xia had done so. Mr Xia was clearly derelict in his duties.

ES Directors (Ms An, Mr Zhao, Mr Zhen and Mr Hu)

30. The ES Directors participated, to varying extents, in the execution process of the Pledges. They had, or ought to have had, knowledge about the Arrangement and/or the Pledges. Under Mr Pan's express instructions and requests, Ms An was aware of the Arrangement and knowingly participated in implementing the same. Mr Zhao was informed by Ms An that Evergrande Services was instructed to facilitate the execution of the Pledges, and he approved the use of fund document relating to the Pledges. Mr Zhen, before being appointed as an ED of Evergrande Services, was the Executive President of China Evergrande, and received the Financial Funds Weekly Reports of China Evergrande. After becoming an ED of Evergrande Services, Mr Zhen became aware of the Pledges but did not report the matter to the board of Evergrande Services. Mr Hu approved documents relating to the Pledges with references to "pledge", "pledgor" and "underwriting document" that were already approved by Ms An and Mr Pan.

31. At the time when the ES Directors gave the relevant approvals, they should have noticed that there were multiple red flags. For example, the Pledges were initiated and coordinated by China Evergrande directly outside of Evergrande Services' regular business and involved substantial amounts. The relevant approvals were sought in a hasty manner and without any supporting documents. These red flags should have prompted the ES Directors to, at least, raise enquiries about the fund transfers and only give the relevant approvals when such enquiries had been satisfactorily answered.

32. The ES Directors simply rubber-stamped documents without raising any or sufficient questions, or independently assessing the objectives, rationale and details of the transfers. They blatantly or, at least, recklessly disregarded their responsibilities. Their conduct

showed a lack of proactivity, a high degree of deference to Mr Pan/China Evergrande and placing of the interest of China Evergrande above that of Evergrande Services.

33. The ES Directors also failed to bring the matter to the attention of the full board of Evergrande Services, or consider and procure Evergrande Services' compliance with the Listing Rules in respect of the Pledges.

34. In light of the above, the ES Directors were clearly derelict in their duties.

EXCHANGE'S FINDINGS

The Exchange found as follows:

China Evergrande

(1) China Evergrande breached Rules 13.46(2), 13.48(1), 13.49(1) and 13.49(6) in respect of the delayed publication of financial results and reports.

Evergrande Services

(2) Evergrande Services breached:

(a) Rules 13.13, 13.15, 13.20, 14.34, 14.38A, 14.40, 14A.34, 14A.35, 14A.36 and 14A.46 for failing to comply with the announcement, circular and (independent) shareholders' approval requirements in respect of the Pledges;

(b) Rule 2.13(2) for failing to disclose the Pledges in its FY2020 annual report and FY2021 interim report, and for the inaccurate and misleading disclosure of use of IPO Proceeds in its FY2021 interim report;

(c) Rule 3A.23 for failing to consult with its compliance adviser in respect of the arrangement for granting the Pledges, the Pledges, and when there was a change in use of IPO Proceeds; and

(d) Rules 13.46(2), 13.48(1), 13.49(1) and 13.49(6) in respect of the delayed publication of financial results and reports.

(3) Each of Mr Pan, Mr Hui and Mr Xia of China Evergrande:

(a) As far as China Evergrande is concerned, breached Rule 3.08, for failing to (i) act in the interests of China Evergrande and its shareholders as a whole; (ii) act for proper purpose; (iii) avoid or manage the inherent conflicts within the Group, and (iv) exercise reasonable skill, care and diligence in respect of the Arrangement and/or the Pledges.

(b) As far as Evergrande Services is concerned,

(i) Breached Rule 3.08, for failing to procure Evergrande Services' compliance with the Listing Rules.

(ii) Further or in the alternative, caused by action or omission or knowingly participated in the contravention of the Listing Rules by Evergrande Services, and therefore was liable under Rule 2A.10B(3), by virtue of his:

- knowledge of China Evergrande's imminent funding needs;
- knowledge of and involvement in the Special Financing Project, the Arrangement and/or the Pledges; and/or
- failure to take steps to procure Evergrande Services' Rule compliance.

(4) The conduct of each of Mr Pan, Mr Hui and Mr Xia amounted to a serious failure to discharge his responsibilities under the Listing Rules.

(5) Ms An, Mr Zhao, Mr Zhen and Mr Hu breached:

(a) Rule 3.09B(2), for failing to procure Evergrande Services' compliance with the Listing Rules.

(b) Rule 3.08, for failing to (i) act in the interests of Evergrande Services and its shareholders as a whole; (ii) act for proper purpose; (iii) avoid or manage the inherent conflicts within the Group, and (iv) exercise reasonable skill, care and diligence when approving the documents relating to the Pledges which were intended for providing financial assistance to China Evergrande.

(6) The conduct of each of Ms An, Mr Zhao, Mr Zhen and Mr Hu amounted to a serious failure to discharge his/her responsibilities under the Listing Rules.

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CONCLUSION

The Exchange decided to impose the sanctions set out in this Statement of Disciplinary Action.

For the avoidance of doubt, the Exchange confirms that the above sanctions apply only to the Companies and the Relevant Directors, and not to any other past or present directors of the Companies.

Hong Kong, 26 November 2026

Notes:

Rule requirements

Rule 2.13(2) provides that the information contained in any announcement must be accurate and complete in all material respects and not be misleading or deceptive.

Rule 3A.23 provides that during the Fixed Period (as defined in the Listing Rules), a listed issuer must consult with and, if necessary, seek advice from its compliance adviser on a timely basis where a notifiable or connected transaction is contemplated and where there is a change in the use of IPO proceeds.

Rules 13.13, 13.15 and 13.20 require issuers to announce as soon as reasonably practicable certain details of any advance to an entity which exceeds eight per cent under the assets ratio. Such information should also be included in the issuer's interim or annual report where such circumstances continue to exist at the issuer's interim period or annual financial year end.

Rules 13.46(2), 13.48(1), 13.49(1) and 13.49(6) provide that a listed issuer must publish by the respective prescribed time limits its interim and annual results and/or reports.

Rules 14.34, 14.38A, 14.40 provide that a listed issuer must inform the Exchange and publish an announcement as soon as possible after the terms of a major transaction have been finalised. For major transactions, the listed issuer is required to send a circular and seek shareholders' approval for the transaction.

Rules 14A.34, 14A.35, 14A.36 and 14A.46 provide that a listed issuer must announce a connected transaction as soon as practicable after its terms have been agreed. The listed issuer is required to send a circular to the shareholders and seek independent shareholders' approval.

Paragraph 11(8) to Appendix D2 (previously paragraph 32 to Appendix 16) requires a listed issuer to disclose, among others, the reason(s) for any material change in the use of proceeds from the intentions previously disclosed.

Rule 3.08 provides that the Exchange expects directors, both collectively and individually, to fulfil fiduciary duties and duties of skill, care and diligence to a standard at least commensurate with the standard established by Hong Kong law. These duties include, among others, duties to act honestly and in good faith (Rule 3.08(a)), act for proper purpose (Rule 3.08(b)), be answerable to the issuer for the application or misapplication of its assets (Rule 3.08(c)), avoid actual and potential conflicts of interest and duty (Rule 3.08(d)), and apply such degree of skill, care and

diligence as may reasonably be expected of a person of his knowledge and experience and holding his office within the issuer (Rule 3.08(f)).

Rule 3.09B(2) requires a listed issuer's director to use his best endeavours to procure the issuer's compliance with the Listing Rules.

Under Rule 2A.10B(3), sanctions may be imposed on any party, which includes any director of a listed issuer or any of its subsidiaries, if he has caused by action or omission or knowingly participated in a contravention of the Listing Rules.

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Definitions

Board	the board of directors of China Evergrande or Evergrande Services as specified
CEO	Chief Executive Officer
China Evergrande Group	China Evergrande and its subsidiaries (excluding Evergrande Services Group and NEV Group)
Citibank	Citibank N.A., being a US banking subsidiary of Citigroup and bondholder of the CE Bond
CFO	Chief Financial Officer
ED(s)	Executive Director(s) of China Evergrande or Evergrande Services as specified
ES Directors	Ms An, Mr Zhao, Mr Zhen and Mr Hu, EDs of Evergrande Services
Evergrande NEV	China Evergrande New Energy Vehicle Group Limited (中國恒大新能源汽車集團有限公司) (Stock code: 708), a non-wholly owned subsidiary of China Evergrande
FY	the financial year ended 31 December that year
Hengda Real Estate	Hengda Real Estate Group Company Limited (恒大地產集團有限公司), a subsidiary of China Evergrande
Hengda Real Estate Group	Hengda Real Estate and its subsidiaries
IPO	initial public offering
NEV Group	Evergrande NEV and its subsidiaries
Special Financing Project	the special financing project that was proposed in mid to late December 2020 so as to meet China Evergrande Group's capital needs at the material time