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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

On 30 December 2022, the Company and China Evergrande entered into the 2023 CCT Agreements to renew the Existing CCT Agreements for a term of three years up to 31 December 2025, as the existing term of the Existing CCT Agreements will expire on 31 December 2022.

China Evergrande is the controlling shareholder of the Company. As such, the transactions contemplated under each of the 2023 CCT Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios (other than the profits ratio) in respect of each of the 2023 CCT Agreements are over 0.1% but all are below 5%, each of the 2023 CCT Agreements is subject to the reporting, annual review and announcement requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the section headed "Connected Transactions" of the prospectus of the Company dated 23 November 2020.

The existing term of the Existing CCT Agreements will expire on 31 December 2022. On 30 December 2022, the Company and China Evergrande entered into the 2023 CCT Agreements to renew the Existing CCT Agreements for a term of three years up to 31 December 2025.

1. The 2023 Master Car Parking Space Leasing Agreement

The principal terms of the 2023 Master Car Parking Space Leasing Agreement are set out below:

Date:	30 December 2022
Parties:	The Company and China Evergrande
Scope of service:	The Group will lease from the Evergrande Associates certain car parking spaces situated in the residential and commercial properties developed by the Evergrande Associates and managed by the Group for subleasing to residents and tenants.
Term:	Three years, commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive).
Pricing policy:	The rent to be paid by the Group for the lease of the car parking spaces will be determined after arm's length negotiations with reference to, among others, the prevailing market rent of car parking spaces in similar locations and similar properties and the number and occupancy rate of the car parking spaces leased by the Group from the Evergrande Associates.

Historical transaction amounts:	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ending 31 December 2022
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Annual cap	121.8	146.2	175.4
Actual transaction amount	90.1	127.0 ⁽¹⁾	104.0 ⁽¹⁾⁽²⁾

Notes:

(1) Unaudited figures.

(2) Transaction amounts for the nine months ended 30 September 2022.

Proposed annual caps:	For the year ending 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Annual cap	477.8	488.4	493.7

The proposed annual caps for the transactions contemplated under the 2023 Master Car Parking Space Leasing Agreement were determined after considering the following factors:

- (i) the historical transaction amounts in relation to the leasing of the car parking spaces;
- (ii) the estimated number and occupancy rate of the car parking spaces leased by the Group from the Evergrande Associates for the three years ending 31 December 2025; and
- (iii) the anticipated decrease in rental fee in light of the recent business situation of Evergrande Associates, and expected significant increase demand for car parking spaces after taking into account the overall market trend.

2. The 2023 Master Property Management and Related Services Agreement

The principal terms of the 2023 Master Property Management and Related Services Agreement are set out below:

Date:	30 December 2022
Parties:	The Company and China Evergrande
Scope of service:	The Group will provide to the Evergrande Associates the Property Management and Related Services.
Term:	Commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive).

Pricing policy: The fees to be charged for the Property Management and Related Services will be determined after arm's length negotiations with reference to the prevailing market price (having taken into account the location and condition of the property, the scope of services and the anticipated operational costs including but not limited to labor costs, administrative costs and costs of materials), historical transaction amounts and the prices charged by the Group for providing comparable services to independent third parties.

Historical transaction amounts:	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ending 31 December 2022
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Annual cap	3,945.3	5,305.7	6,534.3
Actual transaction amount	3,901.3	2,942.0 ⁽¹⁾	863.7 ⁽¹⁾⁽²⁾

Notes:

(1) Unaudited figures.

(2) Transaction amounts for the nine months ended 30 September 2022.

Annual caps:	For the year ending 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Annual cap	478.5	457.5	487.1

The proposed annual caps for the transactions contemplated under the 2023 Master Property Management and Related Services Agreement were determined after considering the following factors:

- (i) the historical transaction amounts in relation to the Property Management and Related Services;
- (ii) the estimated transaction amount for the three years ending 31 December 2025 based on existing signed contracts with the Evergrande Associates;
- (iii) the costs incurred for the related services;
- (iv) the estimated size and number of properties to be delivered by the Evergrande Associates in the three years ending 31 December 2025, which is based on the properties under development and the land bank held by the Evergrande Associates;
- (v) the estimated monthly management fee to be charged in respect of residential and commercial properties owned by the Evergrande Associates, which is based on the average monthly management fee charged for the year ended 31 December 2021;
- (vi) the estimated service fee to be charged in respect of residential and commercial properties to be delivered by the Evergrande Associates which will require the Group's pre-delivery services;
- (vii) the estimated service fee to be charged in respect of residential and commercial properties that the Evergrande Associates have engaged the Group for the repair and maintenance services during the warranty period and is based on the average service fee charged during the year ended 31 December 2021; and
- (viii) the anticipated decrease in demand for the Group's Property Management and Related Services taking into account the recent business development and the property development plan of the Evergrande Associates and the expected decrease in the number of residential and commercial properties to be developed and delivered by the Evergrande Associates.

INTERNAL CONTROL MEASURES FOR CONTINUING CONNECTED TRANSACTIONS

To ensure that the transactions contemplated under the 2023 CCT Agreements will be conducted on normal commercial terms and on terms no less favourable to the Group than terms available to or from independent third parties, and the relevant fees will be determined on arm's length basis with reference to the prevailing market price and guidance rate set by the relevant local government authorities for the service related to similar development project (if any), the Company has established and adopted the following internal control measures to monitor the continuing connected transactions of the Group, including:

- (i) prior to confirming the pricing under the relevant agreements, the operating department shall obtain the prevailing market price of the relevant services for reference. In addition, the operating department shall check the recent transactions engaged by the Group with independent third parties to ensure that the pricing for the transactions with the Evergrande Associates shall not be less favorable to the Group than that with independent third parties;
- (ii) the relevant personnel of the Company responsible for compliance related matters will conduct regular checks on a monthly basis on whether the transactions contemplated under the relevant continuing connected transaction are conducted in accordance with the terms of its respective agreement and in accordance with the aforementioned pricing policies, and monitor the aggregate amount of the transactions contemplated under the 2023 CCT Agreements and assess whether any of the annual caps thereunder may be exceeded;
- (iii) the independent non-executive Directors will conduct annual reviews with respect to the transactions contemplated under the 2023 CCT Agreements and confirm in the annual report, whether such continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms, and in accordance with the 2023 CCT Agreements on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and
- (iv) the Company's external auditors will conduct annual review on the transactions contemplated under the 2023 CCT Agreements in accordance with the Listing Rules.

INFORMATION ON THE PARTIES

The Company

The Company is a company incorporated in the Cayman Islands. The Group is principally engaged in the integrated properties management services business.

China Evergrande

China Evergrande is a conglomerate and is principally engaged in the business of property development, property investment, property management, new energy vehicle, hotel operations, finance business, internet business and health industry business in the PRC. The shares of China Evergrande are listed on the Main Board of the Stock Exchange (stock code: 3333).

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS

The transactions under the Existing CCT Agreements are being carried out by the Group in its ordinary and usual normal course of business. As the existing term of the Existing CCT Agreements will expire on 31 December 2022, the 2023 CCT Agreements are being entered into to renew the Existing CCT Agreements and enable the Group to continue the transactions with China Evergrande in the ordinary and normal course of business of the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of each of the 2023 CCT Agreements (including the proposed annual caps) are entered into in the ordinary and usual course of business of the Group, are conducted on an arm's length basis and on normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

None of the Directors was interested in the transactions contemplated under the 2023 CCT Agreements and was required to abstain from voting on the relevant Board resolutions to approve the 2023 CCT Agreements.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, China Evergrande is interested in approximately 51.71% of the issued share capital of the Company, and is the controlling shareholder and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under each of the 2023 CCT Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios (other than the profits ratio) in respect of each of the 2023 CCT Agreements are over 0.1% but all are below 5%, each of the 2023 CCT Agreements is subject to the reporting, annual review and announcement requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“2023 CCT Agreements”	the 2023 Master Car Parking Space Leasing Agreement and the 2023 Master Property Management and Related Services Agreement;
“2023 Master Car Parking Space Leasing Agreement”	the agreement dated 30 December 2022 between the Company and China Evergrande in relation to the leasing from the Evergrande Associates certain car parking spaces by the Group;

“2023 Master Property Management and Related Services Agreement”	the agreement dated 30 December 2022 between the Company and China Evergrande in relation to the provision of Property Management and Related Services by the Group to the Evergrande Associates;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“China Evergrande”	China Evergrande Group, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3333), the controlling shareholder of the Company;
“Company”	Evergrande Property Services Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 6666);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Evergrande Associates”	the subsidiaries, joint ventures and associates of China Evergrande;
“Existing CCT Agreements”	the Master Car Parking Space Leasing Agreement and the Master Property Management and Related Services Agreement;
“GFA”	gross floor area;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Master Car Parking Space Leasing Agreement”	the agreement dated 19 November 2020 between the Company and China Evergrande in relation to the leasing from the Evergrande Associates certain car parking spaces by the Group;

“Master Property Management and Related Services Agreement”	the agreement dated 19 November 2020 between the Company and China Evergrande in relation to the provision of Property Management and Related Services by the Group to the Evergrande Associates;
“Property Management and Related Services”	property management and related services, including but not limited to (i) property management services for unsold properties and properties owned by the Evergrande Associates; (ii) pre-delivery services including management and maintenance services for construction sites, show flats and property sales centres and preliminary planning and design consultancy services at the pre-delivery stage; and (iii) repair and maintenance services during the warranty period of residential and commercial properties developed by the Evergrande Associates;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Shareholder(s)”	holder(s) of share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“sq.m.”	square metre(s);
“%”	per cent.

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

Hong Kong, 30 December 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.