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HEVOL SERVICES GROUP CO. LIMITED
和泓服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6093)

**INSIDE INFORMATION ANNOUNCEMENT – INVESTMENT FRAMEWORK
AGREEMENT IN RELATION TO A PROPOSED ACQUISITION**

This announcement is made by Hevol Services Group Co. Limited (the “**Company**”, together with its subsidiaries, collectively, the “**Group**”) pursuant to the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

On 23 October 2019 (after trading hours), the Purchaser, being a wholly owned subsidiary of the Company, entered into the Investment Framework Agreement with the Sellers, pursuant to which the Purchaser agreed to acquire and the Sellers agreed to sell collectively 70% equity interest in the Target Company.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Sellers is an independent third party of the Company and its connected persons (as defined under the Listing Rules).

PRINCIPAL TERMS OF THE INVESTMENT FRAMEWORK AGREEMENT

(i) Consideration

Subject to the final Share Purchase Agreement, the consideration for the Proposed Acquisition is estimated to be RMB25.2 million. The final consideration will be subject to the terms and conditions of the Share Purchase Agreement with reference to the Target Company’s net profit.

(ii) Due Diligence Review

Pursuant to the Investment Framework Agreement, the Sellers will cooperate with the Purchaser to facilitate its legal and financial due diligence review on the Target Company, including providing all relevant information, documents and arrangement interviews of relevant personnel for due diligence purpose.

(iii) Transaction Structure

The consideration of the Proposed Acquisition shall be paid in stages subject to the terms and conditions of the Share Purchase Agreement. Any deposit paid to the Sellers shall form part of the purchase price on the completion date.

(iv) Option to Purchase Further Equity Interest

The Purchaser shall enjoy an option to purchase up to one-third of the total remaining shares of the Remaining Seller in the Target Company for each of the three years ending 31 December 2020, 2021 and 2022, upon satisfaction of the terms and conditions set out in the Share Purchase Agreement, including but not limited to the Target Company's commitment to the Purchaser on revenue and profit targets, the option to purchase shall be satisfied by way of newly allotted shares of the Company.

(v) Exclusivity

For a period of three months from the date of the Investment Framework Agreement, the Sellers will not conduct negotiations and/or enter into any agreement and/or accept any offer with/from any other person or entity (whether such invitation to negotiations are made by the Sellers or other parties) for the purpose of selling the equity interest or assets of the Target Company.

(vi) Other Terms

Save for certain terms regarding the exclusivity, confidentiality, governing law and arbitration, which shall be legally binding, the Investment Framework Agreement is non-legally binding.

Other terms of the Proposed Acquisition, including conditions precedent, customary representations and warranties, and other conditions will be set out in the Share Purchase Agreement.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the PRC with limited liability. The Target Company is a property management company incorporated in the PRC, with not less than 3 million square meters of gross floor area under management.

GENERAL

As at the date of this announcement, all terms and conditions of the Proposed Acquisition are still being negotiated and no binding agreement has been entered into. The Proposed Acquisition, if materialised, may constitute a major transaction for the Company under Chapter 14 of the Listing Rules. Further announcement will be made by the Company as and when appropriate in compliance with the Listing Rules when a binding agreement in relation to the Proposed Acquisition is entered into. **As the Proposed Acquisition may or may not materialise, shareholders of the Company and/or potential investors should exercise caution when dealing in the shares of the Company.**

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Hevol Services Group Co. Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment Framework Agreement”	the investment framework agreement entered into between the Purchaser and the Sellers on 23 October 2019 in respect of the Proposed Acquisition
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, will exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Acquisition”	the proposed acquisition of the 70% equity interest in the Target Company by the Purchaser
“Purchaser”	Beijing Hongsheng Investment Limited (北京泓升投資有限責任公司), a company established as a limited liability company under the laws of the PRC, and a wholly-owned subsidiary of the Company
“Remaining Seller”	The individual Seller who will become the remaining shareholder of the Target Company among the Sellers following the Proposed Acquisition
“RMB”	Renminbi, the lawful currency of the PRC
“Sellers”	An individual (i.e. the Remaining Seller) and a company incorporated in the PRC who are the legal and beneficial owners of the entire issued share capital of the Target Company and each of which is a third party independent of and not connected with the Company and its connected persons

“Share Purchase Agreement”	the sale and purchase agreement in respect of the acquisition of the 70% equity interest in the Target Company to be entered into between the Purchaser and the Sellers
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	a company incorporated in the PRC with limited liability
“%”	per cent.

By order of the Board
Hevol Services Group Co. Limited
Wang Wenhao
Executive Director

Hong Kong, 23 October 2019

As at the date of this announcement, the Board comprises two executive Directors, namely Ms. Hu Hongfang and Mr. Wang Wenhao, two non-executive Directors, namely Mr. Liu Jiang and Mr. Zhou Wei, and four independent non-executive Directors, namely Dr. Chen Lei, Mr. Fan Chi Chiu, Dr. Li Yongrui and Mr. Qian Hongji.