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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)**

**DISCLOSEABLE TRANSACTION**

**SALE AND PURCHASE AGREEMENT IN RELATION TO THE  
ACQUISITION OF 60% EQUITY INTEREST OF  
A PROPERTY MANAGEMENT COMPANY**

**THE ACQUISITION**

The Board is pleased to announce that on 21 September 2020, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Seller, pursuant to which the Purchaser conditionally agreed to acquire and the Seller conditionally agreed to sell 60% equity interest of the Target Company at a total consideration of RMB15,000,000.

**LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (set out in Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the notification and announcement requirements but is exempt from Shareholders' approval requirement under the Listing Rules.

**THE ACQUISITION**

On 21 September 2020 (after trading hours), the Purchaser, being a wholly owned subsidiary of the Company, entered into the Agreement with the Seller, pursuant to which the Purchaser agreed to acquire and the Seller agreed to sell 60% of the total equity interest in the Target Company.

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

The principal terms of the Agreement are set out below.

### **Assets to be acquired**

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire, and the Seller has conditionally agreed to sell, 60% of the total equity interest of the Target Company. The Target Company owns a number of subsidiaries in the PRC (together known as the “**Target Group**”).

### **Consideration**

The total consideration for the Acquisition (the “**Consideration**”) was determined based on the arm’s length negotiation between the Purchaser and the Seller, with reference to the Target Company’s consolidated net profit for the financial year ended 31 December 2019.

RMB7,500,000, or 50% of the Consideration, shall be payable by the Purchaser to the Seller within 10 Business Days after the signing of the Agreement.

The remaining RMB7,500,000 shall be payable by the Purchaser to the Seller on the day the Target Company has submitted the business registration documents to reflect that the Purchaser is the legal and beneficial owner of the Target Company, which shall be within 30 Business Days after the date of the signing of the Agreement.

The Company intends to fund the Acquisition by the proceeds from listing.

### **Conditions precedent**

Completion is conditional upon each of the following conditions (the “**Conditions**”) being satisfied or waived in writing by the Purchaser:

- (a) the Purchaser being satisfied in the following aspects:
  - (i) the representations and warranties provided by the Seller in respect of itself and the Target Company are true, complete and accurate without misleading;
  - (ii) the Seller holds all the legal and beneficial title of the equity interest of the Target Company without any outstanding or potential litigation claims which may render the Acquisition void or prevent the completion of the Acquisition;
  - (iii) the Target Company having appointed a new general manager, financial controller, and supervisor as stipulated under the Agreement;
  - (iv) the Target Company has not experienced any material adverse change as stipulated under the Agreement; and
- (b) the Seller does not violate any warranties or obligations under the Agreement from the date of signing the Agreement to Completion.

## **Completion**

Completion shall take place when the Target Company has completed the relevant business registration to reflect that the Purchaser is the legal and beneficial owner of the Target Company.

Upon Completion, the Target Company will become an indirect non-wholly owned subsidiary of the Company and its respective results will be consolidated into the consolidated financial statements of the Group.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Target Group has a number of property management projects in Guangdong Province of the PRC. The Acquisition would enable the Group to expand its business scale and market share in the property management services sector in the southern region of the PRC, which will establish the Group's market presence in the Pearl River Delta region, lay a solid foundation for the Group's expansion in this region and provide synergies to its existing property management business. The Board is confident that the Acquisition will contribute positively to the Group by bringing in additional source of income from the Acquisition.

Based on the factors as disclosed above, the Directors are of the view that the terms of the Acquisition are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE TARGET GROUP**

The Target Group is principally engaged in property management business.

According to the financial statements of the Target Group which are prepared on a basis consistent with IFRS accounting standards, the unaudited net asset value of the Target Group as at the two years ended 31 December 2018 and 31 December 2019 was approximately RMB7,127,000 and RMB9,678,000, respectively. Set out below are the financial information of the Target Group for the two years ended 31 December 2018 and 31 December 2019:

	<b>For the year ended 31 December</b>	
	<b>2018</b>	<b>2019</b>
	unaudited	unaudited
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit/(loss) before tax	2,708	2,799
Net profit/(loss) after tax	2,435	2,551

## **INFORMATION ON THE PARTIES**

### **The Group**

The Group is principally engaged in the business of provision of property management services, community value-added services and value-added services to non-property owners in the PRC.

## **The Target Company**

The Target Company is a company incorporated in the PRC with limited liability. As at the date of this announcement, a total of six property management projects are managed by the Target Group with approximately 0.8 million square meters of gross floor area under management. The Target Company mainly operates in Guangdong province of the PRC.

## **The Seller**

The Seller is principally engaged in property development and property management services business. The ultimate beneficial owners of the Seller are Lu Yuguang\* (盧煜光) and Shen Ningyi\* (沈寧一), individuals who reside in the PRC.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios (set out in Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the notification and announcement requirements but is exempt from Shareholders' approval requirement under the Listing Rules.

None of the Directors has a material interest in the Agreement and the transactions contemplated thereunder. Accordingly, the Directors are not required to abstain from voting on the relevant Board resolutions for approving the Acquisition.

## **DEFINITIONS**

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

“Acquisition”	the proposed acquisition of the 60% equity interest in the Target Company by the Purchaser
“Agreement”	the sale and purchase agreement in respect of the acquisition of 60% equity interest in the Target Company entered into between the Purchaser, the Seller and the Target Company
“Board”	the board of Directors of the Company
“Business Day”	any day (other than a Saturday, Sunday or a public holiday in the PRC)
“Company”	Hevol Services Group Co. Limited (stock code: 6093), 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
“Director(s)”	the directors of the Company
“Group”	the Company and all its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	The International Financial Reporting Standards
“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
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	Dongguan Baoying Real Estate Development Co., Ltd.* (東莞市寶盈房地產開發有限公司), a company established under the laws of the PRC with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Dongguan Baoying Property Management Co., Ltd.* (東莞市寶盈物業管理有限公司), a company established under the laws of the PRC with limited liability
“Target Group”	the Target Company and its subsidiaries
“%”	per cent.

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

Hong Kong, 21 September 2020

\* *For identification purpose only*

*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.*