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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)

VOLUNTARY ANNOUNCEMENT

**SALE AND PURCHASE AGREEMENT IN RELATION
TO THE ACQUISITION OF 65% EQUITY INTEREST OF
A PROPERTY MANAGEMENT COMPANY**

This announcement is made by the Company on a voluntary basis.

The Board is pleased to announce that on 3 November 2020, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Sellers, pursuant to which the Purchaser conditionally agreed to acquire and the Sellers conditionally agreed to sell 65% equity interest of the Target Company at a total consideration of RMB12,000,000.

After the Acquisition, the total contracted GFA of the Group will be increased to approximately 22.4 million sq.m., representing an increase of approximately 173% compared to approximately 8.2 million sq.m. at the beginning of 2020. At the same time, the total GFA of the Group under management will be increased to approximately 17.6 million sq.m., representing an increase of approximately 115% compared to approximately 8.2 million sq.m. at the beginning of 2020.

THE AGREEMENT AND THE ACQUISITION

The principal terms of the Agreement are set out below:

Date: 3 November 2020 (after trading hours)

Parties: (i) Purchaser, an indirect wholly-owned subsidiary of the Company

(ii) Seller A

(iii) Seller B

Assets to be acquired

Seller A and Seller B owns 60% and 40% of the total equity interest of the Target Company respectively.

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire, and the Sellers have conditionally agreed to sell, 65% of the total equity interest of the Target Company. Among the Sellers, the Seller A agreed to sell 25% and the Seller B agreed to sell 40% of the total equity interest of the Target Company respectively.

Following the Acquisition, the Purchaser and the Seller A will own 65% and 35% of the total equity interest of the Target Company respectively.

Consideration

The total consideration for the Acquisition (the “**Consideration**”) was RMB12,000,000, which shall be payable in cash by the Purchaser in tranches following the signing of the Agreement and the completion of the Acquisition. The Consideration was determined after arm’s length negotiation between the Sellers and the Purchaser. The Group intends to fund the Consideration by the proceeds from placing which was completed on 24 June 2020.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Company has a number of property management projects in Hohhot, Inner Mongolia Autonomous Region of the PRC. Commitment in continual expansion of management scale is the core development strategy of the Group. The Board is confident that the Acquisition will contribute positively to the Group by bringing in additional source of income from the Acquisition. The Board believes that the Acquisition is a cost-effective way to grow the Group’s service offerings and property management portfolio in new geographic markets.

After the Acquisition, the total contracted GFA of the Group will be increased to approximately 22.4 million sq.m., representing an increase of approximately 173% compared to approximately 8.2 million sq.m. at the beginning of 2020. At the same time, the total GFA of the Group under management will be increased to approximately 17.6 million sq.m., representing an increase of approximately 115% compared to approximately 8.2 million sq.m. at the beginning of 2020.

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 GROUP, THE PURCHASER AND THE TARGET COMPANY

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 Purchaser is a company established as a limited liability company under the laws of the PRC, and an indirect wholly-owned subsidiary of the Company. The principal activity of the Purchaser is investment holding.

The Target Company is a company incorporated in the PRC with limited liability and is principally engaged in property management business. The Target Company mainly operates in Hohhot, Inner Mongolia Autonomous Region of the PRC.

LISTING RULES IMPLICATIONS

As all of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition is less than 5%, the entering into the Agreement by the Purchaser is exempt from the reporting and announcement requirements 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 65% equity interest in the Target Company by the Purchaser
“Agreement”	the sale and purchase agreement in respect of the acquisition of 65% equity interest in the Target Company entered into between the Purchaser, the Sellers 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
“GFA”	gross floor area
“Group”	the Company and all its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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”	Guizhou Furuiying Information Consultancy Limited (貴州福瑞盈信息諮詢有限公司), a company established as a limited liability company under the laws of the PRC, and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Seller A”	Beijing Heliang Zhengxin Technology Center (Limited Partnership)* (北京合量正信科技中心(有限合夥)), a limited liability partnership established under the laws of the PRC
“Seller B”	Beijing Zhengxin Zhonghe Property Management Co., Ltd. (北京正信中和物業管理有限公司), a company established under the laws of the PRC with limited liability
“Sellers”	Seller A and Seller B
“Shareholder(s)”	holders of the ordinary share(s) of the Company
“sq.m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Hohhot Huigu Property Service Co., Ltd.* (呼和浩特市慧谷物業服務有限公司), a company established under the laws of the PRC with limited liability
“%”	per cent.

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

Hong Kong, 3 November 2020

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.

* *For identification purpose only*