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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 AND CONNECTED TRANSACTION
SALE AND PURCHASE AGREEMENT IN RELATION
TO THE ACQUISITION OF 30% EQUITY INTEREST OF
THE PROPERTY MANAGEMENT COMPANY

THE ACQUISITION

The Board is pleased to announce that on 11 June 2025, the Purchaser entered into the Agreement with the Seller, pursuant to which the Purchaser conditionally agreed to acquire, and the Seller conditionally agreed to sell further 30% equity interest of the Target Company at a total consideration of RMB60,189,700.

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.

As at the date of this announcement, the Target Company is owned as to 70% by the Company and 30% by the Seller. Accordingly, the Seller is a connected person of the Company at the subsidiary level under the Listing Rules, and the Acquisition constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) have approved the Acquisition and confirmed that the terms thereunder are fair and reasonable, the transaction is on normal commercial terms, and the entering into of the Agreement is in the interest of the Company and its Shareholders as a whole. By reason of the aforesaid, pursuant to Rule 14A.101 of the Listing Rules, the entering into of the Agreement will be subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 11 June 2025, the Purchaser entered into the Agreement with the Seller, pursuant to which the Purchaser conditionally agreed to acquire, and the Seller conditionally agreed to sell further 30% equity interest of the Target Company at a total consideration of RMB60,189,700.

THE ACQUISITION

A summary of the principal terms of the Agreement is set out as follows:

- Date : 11 June 2025 (after trading hours)
- Parties : (i) the Purchaser, an indirect wholly-owned subsidiary of the Company
- (ii) the Seller, who owns 30% of the Target Company
- (iii) the Target Company

The Seller held 30% equity interest in the Target Company and is a substantial shareholder of the Target Company. The Seller is a connected person of the Company at the subsidiary level. Hence, the Acquisition constitutes a connected transaction under Chapter 14A of the Listing Rules.

Assets to be acquired

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire, and the Seller have conditionally agreed to sell, 30% of the total equity interest of the Target Company. Following the completion of the Acquisition, the Target Company would become an indirect wholly owned subsidiary of the Company.

Consideration

The basis of the Consideration was determined after arm's length negotiations between the Purchaser and the Seller with reference to, among others,

- (i) the prospects of the Target Company in the medium to long term;
- (ii) the reasons for and benefits of the Acquisition as stated under the section headed "Reasons for and benefits of the Acquisition" below; and
- (iii) the appraised value of 100% equity interest of the Target Company as at 30 April 2025 (the "**Valuation Date**") of approximately RMB216,500,000, as appraised by an independent valuer (the "**Valuer**") using the market approach, being by making reference to comparable companies as available in the market (the "**Valuation**").

The Consideration shall be settled in full on or before 30 June 2025. The Consideration will be financed by the internal resources of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Agreement and the Acquisition, including, among other things, the basis of calculating of the Consideration, are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Completion

The Seller shall complete shall execute all the application documents for handling the delivery of the 30% equity interest of the Target Company within 10 working days after the date of the Agreement.

Within 30 working days after the aforesaid documents are available, the parties shall jointly submit such documents for registration and filing of industrial and commercial changes for all the Equity Interests.

Following the completion of the Acquisition, the Target Company would become an indirect wholly owned subsidiary of the Company and the financial results of the Target Company will be fully consolidated into the consolidated financial statements of the Group.

THE VALUATION

Valuation approach

Pursuant to the valuation report prepared by the Valuer, the Valuation is conducted on a market value basis, and the Valuer has taken into account the operations and the nature of the industry of the Target Company in considering the appropriate approach to obtain the market value of the Target Company from the three accepted approaches, namely the market approach, the income approach and the cost approach.

According to International Valuation Standards (“**IVS**”), the income approach provides an indicative value by converting future cash flows into a single present value. Under the income approach, the value of an asset is determined by reference to the value of the income, cash flows or cost savings generated by the asset. The Valuer has considered that this approach is not optimal to value the Target Company as this approach involves financial forecast information and the adoption of more assumptions than the other two approaches, not all of which can be easily justified or ascertained.

According to IVS, the cost approach is used to provide an indicative value by applying the economic principle that a buyer would not pay more for an asset than it would cost to acquire an asset with the same function, whether by purchase or construction. Given that the Target Company is a property management and related services company, the Valuer has considered that the cost approach does not reflect the future economic value and thus will not use the cost approach to value the assets and liabilities of the Target Company as shown in the statement of financial position.

The Valuer has therefore adopted the market approach. Based on the market approach, the Valuer first selected and analyzed Comparable Companies (the “**Comparables**”) that are engaged in similar business as the Target Company and shares of which are publicly traded. Under the market approach, the ratios commonly used are market capitalization (“**Market cap**”) based ratios (including P/E, P/S and P/B, etc.) and enterprise value-based ratios that reflect the capital structure of the Target Company (EV/Sales, EV/EBITDA, EV/EBIT, etc.). In order to reflect both the Target Company’s profitability and capital structure, the Valuer adopted the enterprise value/earnings before interest and taxes (“**EV/EBIT**”) multiple method to calculate the equity value of the Target Company as at the Valuation Date, taking into account the information provided.

Valuation Analyses of the Target Company

The Valuer selected the “Comparables” operating in, among others, the property management and related services industry which have been listed in Hong Kong with the following criteria:

- Over 50% of operating revenue is attributed to the property management services;
- As of the Valuation Date, the market capitalization exceeds RMB2 billion, as the Valuer believes that a market capitalization exceeding RMB2 billion can fairly represent the market capitalization of a property management company listed in Hong Kong with a significant scale and stable operations;
- As of the Valuation Date, the 2024 financial data has been disclosed, and the net profit for the most recent fiscal year was positive;
- There are no significant “cash drag” issues, i.e., the latest reported “net cash” amount (equivalent to the difference between total cash and cash equivalents and total liabilities in the most recent financial statements) is less than 50% of the market capitalization of comparable companies;
- Neither the comparable company, nor its subsidiaries have any debt default issues in the past fiscal year.

Following the stated criteria, the Valuer exhaustively selected 5 Comparables, as at the Valuation Date, EV/EBIT Multiple of selected Comparables are as follows:

Comparables	Ticker	EV/EBIT multiples
China Resources Mixc Lifestyle Services Ltd.	1209.HK	15.8×
Ever Sunshine Services Group Ltd.	1995.HK	1.2×
China Overseas Property Holdings Limited	2669.HK	5.8×
Greentown Service Group Co Ltd.	2869.HK	8.8×
Poly Property Services Co Ltd.	6049.HK	3.4×

Discount for Lack of Marketability (“DLOM”)

In determining the rate of DLOM, the Valuer has taken into account the following factors:

- The estimated liquidity of the equity interest of the Target Company in future;
- Any contractual or customary arrangement, requiring the Target Company to sell or purchase its equity interest (if any);
- Any restrictions on transfer imposed on the equity interest being valued (if any);
- Any potential buyers for the equity interest being valued;
- The risk and volatility of the underlying equity interest;
- The size and timing of dividend distributions available to the shareholders of the Target Company (if any); and
- Concentration of shareholdings of the Target Company.

Control Premium (“CP”)

CP is the amount or percentage by which the proportionate share of the controlling interest in an enterprise exceeds the proportionate share of the non-controlling interest to reflect the premium resulting from its adjustment from minority to majority control.

In determining the rate of CP, the Valuer has taken into account the following factors:

- The acquisition behavior within the industry;
- The stage of the Company’s development cycle;
- Attribution of the market participant in the industry;
- The size of the market participant relative to the Target Company;
- Balance of transaction information of the Acquisition;
- Capital structure of the acquiring entity;
- Objectives and quality of management;
- Regulatory factors;
- The respective articles of association and governing documents; and
- The transaction structure of the Acquisition.

Major Assumptions Adopted in the Valuation

The valuation was based on the following valuation assumptions for adopting the market approach.

- The financial and operational data of the Target Company provided by the Company have been confirmed as accurate, and the Valuer has relied significantly on such information to form the valuation opinion;
- The Target Company will achieve its financial projections and continue to operate as a going concern beyond the financial projection period;
- The operations of the Target Company will not be subject to any unusual or severe restrictions or impediments that would materially impact its assets or liabilities;
- There will be no material changes in the existing political, legal, technological, tax, fiscal, or economic conditions in the countries or regions where the Target Company operates;
- Long-term inflation rates, interest rates, and currency exchange rates will not differ materially from current levels;
- The Target Company will retain its key management and technical personnel to sustain its business operations;
- The Target Company's operations will not be materially affected by international crises, diseases, riots, industrial or commercial disputes, industrial accidents, or adverse weather conditions;
- The Target Company will not face claims or litigation against its business or customers that would materially impact its value;
- Potential future bad debts of the Target Company will not have a material impact on its value;
- The Target Company is not subject to any statutory notices, and its operations currently or in the future will not violate any legal requirements; and
- The Target Company's business will not be subject to any unusual or severe restrictions or impediments.

VIEW OF THE BOARD ON THE VALUATION AND THE ACQUISITION

The Directors (including the independent non-executive Directors) consider the key assumptions, the quantitative inputs, methodology and valuation analyses adopted in the valuation report are fair and reasonable.

Based on the factors as disclosed in the Announcement and this announcement, the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement and the transactions contemplated thereunder are on normal commercial terms, although not in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company considers that the acquisition of the remaining 30% equity interest in the Target Company represents a strategic opportunity to further strengthen the Company's position in the property management industry. After the consolidation, the Company will achieve full ownership of the Target Company to streamline decision-making processes, enhance operational efficiency, and align the Target Company's operation with the Group's long-term growth strategy.

The Target Company has 31 property management service projects, with a total gross floor area under management of approximately 8.15 million square meters in aggregate, as at the date of the Agreement, holds relatively strong market competitiveness in Guiyang, Guizhou Province. Full ownership will further solidify the Company's footprint in Southwestern China, a key area of focus for the Group's geographical expansion strategy.

By fully integrating the Target Company, the Group can leverage its strong project bidding capabilities and established client relationships to pursue additional growth opportunities in Guizhou and beyond. This move supports the Group's commitment to delivering sustainable value to shareholders through disciplined expansion and operational excellence.

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 COMPANY

The Target Company is principally engaged in property management business.

According to the financial statements of the Target Company which are prepared on a basis consistent with CAS accounting standards, the audited net asset value of the Target Company as at 31 December 2024 and 2023 were approximately RMB34.9 million and RMB42.9 million respectively and the unaudited net asset value of the Target Company as at 30 April 2025 was approximately RMB40.2 million.

Set out below are the financial information of the Target Company for the two years ended 31 December 2024 and the four months ended 30 April 2025 respectively:

	For the year ended 31 December 2023 audited RMB'000	For the year ended 31 December 2024 audited RMB'000	For the four months ended 30 April 2025 unaudited RMB'000
Net Profit before tax	19,568	28,310	6,222
Net Profit after tax	17,432	23,039	5,288

INFORMATION ON THE PARTIES

The Group and the Purchaser

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

The Purchaser is an investment holding company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company.

The Target Company

The Target Company is a company incorporated in the PRC with limited liability. The Target Company is a property management company and located in Guiyang, Guizhou province, the PRC, and has 31 property management service projects, with a total gross floor area under management of approximately 8.15 million square meters in aggregate.

The Seller

The Seller is an individual who resides in the PRC, owns 30% of the equity interest of the Target Company as at the date of the Agreement.

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.

As at the date of this announcement, the Target Company is owned as to 70% by the Company and 30% by the Seller. Accordingly, the Seller is a connected person of the Company at the subsidiary level under the Listing Rules, and the Acquisition constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) have approved the Acquisition and confirmed that the terms thereunder are fair and reasonable, the transaction is on normal commercial terms, and the entering into of the Agreement is in the interest of the Company and its Shareholders as a whole. By reason of the aforesaid, pursuant to Rule 14A.101 of the Listing Rules, the entering into of the Agreement will be subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

“Acquisition”	the proposed acquisition of the 30% equity interest in the Target Company by the Purchaser
“Agreement”	the sale and purchase agreement in respect of the acquisition of 30% equity interest in the Target Company entered into between the Purchaser, the Seller and the Target Company
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or a public holiday in the PRC)
“CAS”	standards and interpretations issued by the China Auditing Standards Board of the China Ministry of Finance
“China” or “PRC”	the People's Republic of China
“Company”	Hevol Services Group Co. Limited, a company incorporated in the Cayman Islands with limited liability on 28 May 2018, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 6093)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange of Hong Kong Limited
“Purchaser”	Hehong Furuiying (Guizhou) Information Consultancy Limited* (和泓福瑞盈(貴州)信息諮詢有限公司) (previously known as 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 a wholly-owned subsidiary of the Company

“RMB”	Renminbi, the lawful currency of China
“Seller”	Mr. Qu Peijun* (屈培軍先生), an individual who resides in the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.00001 each
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Guiyang Xinglong Property Management Co., Ltd.* (貴陽興隆物業管理有限公司), a company incorporated in the PRC with limited liability
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

* for identification purpose only

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

Hong Kong, 11 June 2025

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.