

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONTINUING CONNECTED TRANSACTIONS

The Board is pleased to announce that on 1 April 2021, the Board approved the Continuing Connected Transactions as set out in this announcement, the terms of the Service Framework Agreements for such transactions and the relevant annual caps. As the relevant percentage ratios involved in each of the transactions in this announcement are more than 0.1% but less than 5% for the Group, they are subject to the reporting, announcement and annual review requirements but exempted from the independent shareholders' approval requirements under the Listing Rules.

1. INTRODUCTION

The Board is pleased to announce that on 1 April 2021, the Board approved the Continuing Connected Transactions as set out in this announcement, the terms of the Service Framework Agreements for such transactions and the relevant annual caps. All of these agreements were dated 1 April 2021.

2. CONTINUING CONNECTED TRANSACTIONS

2.1.1 Provision of Services by the Group to Kunshan Tongzhou and Zhejiang Zhongzheng

At its meeting on 1 April 2021, the Board approved the Kunshan Tongzhou Framework Agreement between Shanghai Tongjia, a non-wholly owned subsidiary of the Company, and Kunshan Tongzhou with respect to the provision of Services by Shanghai Tongjia to Kunshan Tongzhou. On the same date, the Board approved the Zhejiang Zhongzheng Framework Agreement between Shanghai Tongjia, and Zhejiang Zhongzheng with respect to the provision of Services by Shanghai Tongjia to Zhejiang Zhongzheng.

As the relevant percentage ratios involved in this category of transactions in aggregate are more than 0.1% but less than 5% for the Group, they are subject to the reporting, announcement and annual review requirements but exempted from the independent shareholders' approval requirements under the Hong Kong Listing Rules.

Relationship between the parties:

Kunshan Tongzhou was established as a limited liability company under the laws of the PRC on 11 January 2018. Zhejiang Zhongzheng Real Estate Co., Ltd.* (浙江中證置業有限公司), was established as a limited liability company under the laws of the PRC on 27 June 2016.

Kunshan Tongzhou is owned as to 47.5%, 47.5% and 5% by Mr. Liu, Mr. Sun and Ms. Huang respectively.

Zhejiang Zhongzheng is owned as to 43.225%, 43.225% and 4.55% by Mr. Liu, Mr. Sun and Ms. Huang respectively.

As Shanghai Tongjia is owned as to 60% by our Group and 40% by Shanghai Tongjin, which is in turn ultimately owned as to 47.5%, 47.5% and 5% by Mr. Liu, Mr. Sun and Ms. Huang respectively. Each of Mr. Liu, Mr. Sun and Shanghai Tongjin is a connected person or an associate of the Group. Accordingly, the transactions under the Kunshan Tongzhou Framework Agreement and Zhejiang Zhongzheng Framework Agreement constitute continuing connected transactions of the Group under Chapter 14A of the Listing Rules.

Background:

Kunshan Tongzhou and Zhejiang Zhongzheng are principally engaged in property development in the PRC.

Scope of Services:

Pursuant to the Service Framework Agreements, the Group agreed to provide the following Services to Kunshan Tongzhou and Zhejiang Zhongzheng:

1. Sales facilitation services

When property developers market their property development projects, they typically set up display units to showcase their properties to potential buyers. The Group will provide sales facilitation services for the property projects developed by Kunshan Tongzhou and Zhejiang Zhongzheng, including display unit management services, marketing planning and design, reception services and consultation services.

2. Early involvement and consultancy services

The Group will provide consultancy services for the property projects developed by Kunshan Tongzhou and Zhejiang Zhongzheng at its beginning design and development stage, including planning and design, marketing, construction standards and functional layout. The Group will also provide consultancy services on building design, material and equipment selection, layout of wire and cables etc.

3. *Preliminary stage property management start-up services*

The Group will provide various services to Kunshan Tongzhou and Zhejiang Zhongzheng during the preparatory stage of setting up a property management office, including all expenses incurred during the preparation stage after a property management project is taken over from Kunshan Tongzhou and Zhejiang Zhongzheng, covering initial expenses such as salaries, office expenses, training expenses, travel expenses, printing expenses, property office supplies and procurement expenses during the preparation period.

4. *Preliminary property management services*

The Group will provide preliminary property management services for property projects developed by Kunshan Tongzhou and Zhejiang Zhongzheng before the establishment of property owners' association, including but not limited to security, cleaning service, maintenance of public facilities and equipment, and garden and landscape maintenance services.

Shanghai Tongjia, Kunshan Tongzhou and Zhejiang Zhongzheng shall enter into separate written agreements for detailed service scope in respect of the Services as and when necessary.

Historical Transaction Amount:

Kunshan Tongzhou, Zhejiang Zhongzheng and the Group did not conduct any similar transactions as those under the Service Framework Agreements in the past. Therefore, there is no historical amount to be provided.

Annual Caps:

The annual caps in respect of the Service Framework Agreements with Kunshan Tongzhou for each of the following periods are as follows:

	Annual Cap for the year ending 31 December		
	2021	2022	2023
Total service fees	RMB9.0 million	RMB8.1 million	RMB4.5 million

The annual caps in respect of the Service Framework Agreements with Zhejiang Zhongzheng for each of the following periods are as follows:

	Annual Cap for the year ending 31 December		
	2021	2022	2023
Total service fees	RMB2.3 million	RMB3.3 million	RMB1.9 million

The annual caps are estimated by the Directors with reference to: (i) pricing guidance of local authorities where the property is located (if any); (ii) staff costs (including salary and staff expenses); (iii) current market prices of independent third parties that provide similar products and services under normal commercial terms and in the ordinary course of business; (iv) the price of connected parties and independent third parties in respect of non-connected transactions, and (v) in any event, on terms that are no less favourable than those entered into by Shanghai Tongjia for providing similar services and products to independent third parties.

2.1.2 Provision of Services by the Group to Mr. Yang's Associated Companies

At its meeting on 1 April 2021, the Board approved the Mr. Yang Framework Agreement between Guizhou Xingji, a non-wholly owned subsidiary of the Company, and Mr. Yang with respect to the provision of Services by Guizhou Xingji to Mr. Yang's Associated Companies. As the relevant percentage ratios involved in this category of transaction are more than 0.1% but less than 5% for the Group, it is subject to the reporting, announcement and annual review requirements but exempted from the independent shareholders' approval requirements under the Hong Kong Listing Rules.

Relationship between the parties:

Guizhou Xingji is owned as to 51% by our Group and 49% by Mr. Yang Wujun.

As Mr. Yang Wujun is the brother of Mr. Yang, both Mr. Yang and his associated companies are connected persons or associates of the Group. Accordingly, the transactions under the Mr. Yang Framework Agreement constitute continuing connected transactions of the Group under Chapter 14A of the Listing Rules.

Background:

Mr. Yang, through his associated companies, is principally engaged in property development in the PRC.

Scope of Services:

Pursuant to the Mr. Yang Framework Agreement, the Group agreed to provide the following Services to Mr. Yang's Associated Companies :

1. Sales facilitation services

When property developers market their property development projects, they typically set up display units to showcase their properties to potential buyers. The Group will provide sales facilitation services for the property projects developed by Mr. Yang's Associated Companies, including display unit management services, marketing planning and design, reception services and consultation services.

2. *Cleaning services*

The Group will provide overall cleaning services to the property projects developed by Mr. Yang's Associated Companies upon their completion and before the delivery of properties to the buyers. The cleaning services cover the common parts of the properties such as the fire exits, railings, handrails, floors, doors and windows, garages, offices, children's entertainment facilities, sports venues, public roads and green areas. The cleaning services also cover the glasses, doors, windows and the interior walls, ceilings and floors of individual units.

3. *Preliminary stage property management start-up services*

The Group will provide various services to Mr. Yang's Associated Companies during the preparatory stage of setting up a property management office, including all expenses incurred during the preparation stage after a property management project is taken over from Mr. Yang's Associated Companies, covering initial expenses such as salaries office expenses, training expenses, travel expenses, printing expenses, property office supplies and procurement expenses during the preparation period.

4. *Preliminary property management services*

The Group will provide preliminary property management services for property projects developed by Mr. Yang's Associated Companies before the establishment of property owners' association, including but not limited to security, cleaning service, maintenance of public facilities and equipment, and garden and landscape maintenance services.

Historical Transaction Amount:

Mr. Yang, Mr. Yang's Associated Companies and the Group did not conduct any similar transactions as those under the Mr. Yang Framework Agreement in the past. Therefore, there is no historical amount to be provided.

Annual Caps:

The annual caps in respect of the Mr. Yang Framework Agreement for each of the following periods are as follows:

	Annual Cap for the year ending 31 December		
	2021	2022	2023
Total service fees	RMB15.6 million	RMB11.7 million	RMB10.2 million

The annual caps are estimated by the Directors with reference to: (i) pricing guidance of local authorities where the property is located (if any); (ii) staff costs (including salary and staff expenses); (iii) current market prices of independent third parties that provide similar products and services under normal commercial terms and in the ordinary course of business; (iv) the price of connected parties and independent third parties in respect of non-connected transactions, and (v) in any event, on terms that are no less favourable than those entered into by Guizhou Xingji for providing similar services and products to independent third parties.

3. BOARD APPROVAL

On 1 April 2021, the Board approved the Continuing Connected Transactions as set out in this announcement, the terms of the Service Framework Agreements for such transactions and the relevant annual caps. All of these agreements were dated 1 April 2021.

None of the Directors has a material interest in the Service Framework Agreements and therefore no Director has abstained from voting on the relevant Board resolutions approving the Service Framework Agreements and the Annual Caps.

The terms of the Service Framework Agreements have been reached after arm's length negotiations. The Directors (including the independent non-executive Directors) are of the view that (i) the entering into of the Service Framework Agreements are in the ordinary and usual course of business of the Group; (ii) the terms of the Service Framework Agreements are on normal commercial terms; and (iii) the terms of the Service Framework Agreements and the Annual Caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The term of the Service Framework Agreements shall be for a period commencing from 2 April 2021 and ending on 31 December 2023. Parties to the Service Framework Agreements may, subject to compliance with the Listing Rules, renew the Service Framework Agreements by written agreement.

4. REASONS FOR THE TRANSACTIONS

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

The Group believes that the Service Framework Agreements will be beneficial to the Group by providing a steady stream of income to the Group. The Service Framework Agreements hence represent a strong and long-standing business relationship which the Group can utilise for the future growth of the Group. The Group believes that it is in the interests of the Group to provide the Services, which will allow the Group to further strengthen its market presence in the cities which it has already conducted property management business.

5. DEFINITIONS

In this announcement, unless the context otherwise requires the following expressions have the following meanings:

“Annual Caps”	annual caps in respect of the Service Framework Agreements
“associate”	has the meaning given to it by the Hong Kong Listing Rules
“Board”	the board of directors of the Company

“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
“Continuing Connected Transactions”	the continuing connected transactions as described in this announcement
“Directors”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guizhou Xingji”	Guizhou Xingji Property Service Co., Ltd.* (貴州星際物業服務有限公司), a company incorporated in the PRC with limited liability, which is owned as to 51% by our Group and 49% by Mr. Yang Wujun
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Kunshan Tongzhou”	Kunshan Tongzhou Real Estate Co., Ltd.* (昆山同周置業有限公司), a company established as a limited liability company under the laws of the PRC on 11 January 2018, which is owned and ultimately controlled by Mr. Liu as to 47.5%, Mr. Sun as to 47.5% and Ms. Huang as to 5%
“Kunshan Tongzhou Framework Agreement”	the agreement that Shanghai Tongjia entered into with Kunshan Tongzhou on 1 April 2021, pursuant to which the Group agreed to provide the Services to Kunshan Tongzhou
“Ms. Huang”	Ms. Huang Min (黃旻), an individual who reside in the PRC
“Mr. Liu”	Mr. Liu Zhe (劉哲), an individual who reside in the PRC
“Mr. Sun”	Mr. Sun Yigong (孫益功), an individual who reside in the PRC
“Mr. Yang”	Mr. Yang Wulin, (楊武林), an individual who reside in the PRC and the brother of Mr. Yang Wujun

“Mr. Yang’s Associated Companies”	companies in which Mr. Yang can exercise or control the exercise of 30% or more of the voting power at their general meetings and their subsidiaries;
“Mr. Yang Wujun”	Mr. Yang Wujun, (楊武均), an individual who reside in the PRC, the brother of Mr. Yang and owns 49% equity interests of Guizhou Xingji
“Mr. Yang Framework Agreement”	the agreement that Guizhou Xingji entered into with Mr. Yang on 1 April 2021, pursuant to which the Group agreed to provide the Services to Mr. Yang’s Associated Companies
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of PRC
“Services”	a number of property management services, the scope of which is set out in the section headed “Scope of Services” in this announcement
“Service Framework Agreements”	means the Mr. Yang Framework Agreement, Kunshan Tongzhou Framework Agreement and Zhejiang Zhongzheng Framework Agreement
“Shanghai Tongjia”	Shanghai Tongjia Property Service Co., Ltd.* (上海同嘉物業服務有限公司), a company incorporated in the PRC with limited liability, which is owned as to 60% by our Group and 40% by Shanghai Tongjin
“Shanghai Tongjin”	Shanghai Tongjin Real Estate Co., Ltd.* (上海同進置業有限公司), a company established as a limited liability company under the laws of the PRC on 14 March 2000, which is owned and ultimately controlled by Mr. Liu as to 47.5%, Mr. Sun as to 47.5% and Ms. Huang as to 5%
“Shareholders”	the shareholders of the Company

“Zhejiang Zhongzheng”	Zhejiang Zhongzheng Real Estate Co., Ltd. * (浙江中證置業有限公司), a company established as a limited liability company under the laws of the PRC on 27 June 2016, which is owned and ultimately controlled by Mr. Liu as to 43.225%, Mr. Sun as to 43.225% and Ms. Huang as to 4.55%
“Zhejiang Zhongzheng Framework Agreement”	the agreement that Shanghai Tongjia entered into with Zhejiang Zhongzheng on 1 April 2021, pursuant to which the Group agreed to provide the Services to Zhejiang Zhongzheng

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

Hong Kong, 1 April 2021

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, Mr. Li Yongrui and Mr. Qian Hongji.

* For identification purposes only