

**IPO FACT SHEET**
**Hevol Services Group Co. Limited (6093)**
**ISSUE STATISTICS**

<b>Offer Size:</b>	HK\$128.0m – HK\$156.0m
<b>Placement Tranche:</b>	100.0m
<b>Price:</b>	HK\$1.28 - HK\$1.56
<b>Board lot:</b>	2,000
<b>Entry fee:</b>	HK\$3,151.44
<b>Historical PE</b>	24.9x – 30.3x
<b>Net tangible asset per share:</b>	HK\$0.45 – HK\$0.52
<b>Market Cap (post-IPO):</b>	HK\$512.0m - HK\$624.0m
<b>Open:</b>	27 June 2019
<b>Close:</b>	12.00 noon on 3 July 2019
<b>Trading:</b>	12 July 2019
<b>Sponsor:</b>	Southwest Securities (HK) Capital Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	196,027	16.0%
2018	224,450	14.5%
Profit for the year		
2017	21,870	16.7%
2018	16,886	-22.8%

**BACKGROUND**

- The Group is a reputable market player in the property management industry in China providing property management services, community-related services and property developer-related services in the PRC for more than 16 years.
- According to the China Index Academy, the Group was ranked 58th, 48th and 44th among the China Top 100 Property Management Companies (中國物業服務百強企業) in terms of overall strength of property management (中國物業管理綜合實力) in 2017, 2018 and 2019, respectively.
- Its single largest customer during the Track Record Period was Hevol Real Estate Group to which the Group provides property management services and property developer-related services. For the years ended 31 December 2016, 2017 and 2018, its revenue from Hevol Real Estate Group amounted to 16.4%, 13.4% and 13.0% of its total revenue for the same periods, respectively.
- Its total contracted GFA increased by 5.8% from 6.8 million sq.m. as at 31 December 2016 to 7.2 million sq.m. as at 31 December 2017, and further increased by 13.3% to 8.2 million sq.m. as at 31 December 2018, representing a CAGR of 9.8% from 2016 to 2018.

**BUSINESS STRATEGIES**

- Further expand the scale of its property management business and increase its operational efficiency.
- Continue to provide comprehensive services to customers, enhance their experience and create additional value to the Group's business.
- Continue to grow its business through mergers and acquisitions.
- Further enhance the levels of standardisation and smart management in its service.
- Continue to incentivise, retain and recruit talents in order to better its human resources management.

**COMPETITIVE STRENGTHS**

- The Group is a reputable market player in the property management industry in China with a consistently improving market position.
- The Group has successfully developed its property management portfolio and replicated its business model in target cities with its strong capabilities in property management services.

- The Group has offered comprehensive community-related services and property developer-related services which enables it to diversify its service offerings and improve customer loyalty to its business.
- The Group can consistently provide high quality services and generate sustainable profits by implementing standardisation and smart management in its service process.

### KEY RISKS

- The Group's future growth may not materialise as planned, and failure to manage future growth effectively may adversely affect its business, financial position and results of operations.
- Future acquisitions could expose it to risks that may have a material adverse effect on its business, financial condition and results of operations.
- The Group's ability to maintain or improve its current level of profitability depends on its ability to control operating costs, in particular, employment benefit expenses and sub-contracting costs.
- Termination or non-renewal of its property management services for a significant number of properties could adversely affect its business, financial position and results of operations.
- The Group cannot guarantee that it can procure new property management service agreements.

### DIVIDEND POLICY

- No fixed dividend policy.

### USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
Expanding mainly by mergers and acquisitions of other property management companies.	47.0	51.8%
Obtaining new market opportunities through bidding for new property management projects.	7.0	7.7%
Upgrading its information technology and smart management systems.	21.0	23.1%
Expanding its value-added services business segment and enhancing its comprehensive services through expanding and upgrading its home-living services, establishing home service centres, providing vacation-home management services and expanding community-related services including child care, unmanned supermarkets and community group buying services.	13.1	14.4%
Funding working capital	2.7	3.0%
<b>Total:</b>	<b>90.8</b>	<b>100.0%</b>

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