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ROISERV 榮万家

Roiserv Lifestyle Services Co., Ltd.

榮萬家生活服務股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2146)

CHANGE IN USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

References are made to (i) the section headed “Future Plans and Use of Proceeds” in the Prospectus; and (ii) the paragraph headed “Management Discussion and Analysis – Proceeds From Listing” in the 2022 Annual Report of the Company.

The Net Proceeds raised from the Global Offering amounted to approximately HK\$1,168 million, and were utilized in accordance with the applications as set out in the Prospectus since the completion of the Global Offering and till the date of this announcement except for the amount utilised as a result of the judicial mandatory deduction as detailed under the heading “Working capital and other general corporate purposes” in this announcement.

CHANGE IN USE OF NET PROCEEDS

On June 16, 2023, for reasons set out below under the section headed “REASONS FOR CHANGE IN USE OF NET PROCEEDS”, the Board has resolved to change the use of the Net Proceeds such that the unutilized Net Proceeds in the amounts of approximately HK\$385.4 million from “strategic acquisitions and investments in property management companies” under “business expansion” will be re-allocated to: (i) fund the strategic acquisitions and investments in target companies engaging in environmental sanitation, medical beauty and tourism and accommodation totalled of approximately HK\$151.8 million; (ii) allow a further allocation of approximately HK\$58.4 million to “further diversify the Group’s community value-added service offerings to cover housekeeping services, community elderly care and healthcare service” under “enrich community value-added service offerings” and expand the coverage to include also “agricultural and sideline products and breeding and decoration services”; and (iii) allow a further allocation of approximately HK\$175.2 million to be used for “working capital and other general corporate purposes”.

An analysis of the original and revised use of the Net Proceeds is summarised as follows:

	Planned use of Net Proceeds as stated in the Prospectus		Utilised Net Proceeds as at the date of this announcement	Unutilised Net Proceeds as at the date of this announcement	Unutilised Net Proceeds after the re-allocation	Planned use of Net Proceeds after re-allocation		Expected timeline of full utilisation of Net Proceeds
	<i>HK\$ million approximately</i>	Approximate percentage before the re-allocation	<i>HK\$ million approximately</i>	<i>HK\$ million approximately</i>	<i>HK\$ million approximately</i>	<i>HK\$ million approximately</i>	Approximate percentage after the re-allocation	
(a) Business expansion:	700.8	60.00%	231.4	469.4	235.8	467.2	40.00%	
(i) Strategic acquisitions and investments in property management companies	525.6	45.00%	56.2	469.4	84.0	140.2	12.00%	2026
(ii) Strategic acquisitions and investments in downstream companies	175.2	15.00%	175.2	0	0	175.2	15.00%	N/A
(iii) Strategic acquisitions and investments in companies engaging in environmental sanitation, medical beauty and tourism and accommodation	-	-	-	-	151.8	151.8	13.00%	2025
(b) Enrich community value-added service offerings:	175.2	15.00%	32.3	142.9	201.3	233.6	20.00%	
(i) Increase the coverage of the Group's offline convenience stores, expand product offerings and enhance intelligent operations at the Group's offline convenience stores	46.7	4.00%	19.4	27.3	27.3	46.7	4.00%	2023
(ii) Further develop and expand the Group's property brokerage services to cover intermediary services relating to the sales and leasing of properties managed by the Group	46.7	4.00%	0	46.7	46.7	46.7	4.00%	2023
(iii) Further diversify the Group's community value-added service offerings to cover housekeeping services, agricultural and sideline products and breeding, decoration services, community elderly care and healthcare service	81.8	7.00%	12.9	68.9	127.3	140.2	12.00%	2025

	Planned use of Net Proceeds as stated in the Prospectus		Utilised Net Proceeds as at the date of this announcement	Unutilised Net Proceeds as at the date of this announcement	Unutilised Net Proceeds after the re-allocation	Planned use of Net Proceeds after re-allocation		Expected timeline of full utilisation of Net Proceeds
	<i>HK\$ million approximately</i>	Approximate percentage before the re-allocation	<i>HK\$ million approximately</i>	<i>HK\$ million approximately</i>	<i>HK\$ million approximately</i>	<i>HK\$ million approximately</i>	Approximate percentage after the re-allocation	
(c) Upgrade information technology infrastructure:	175.2	15.00%	17.3	157.9	157.9	175.2	15.00%	
(i) Upgrade the Group's one-stop omnichannel service platform to enrich service scenarios and improve user experience	58.4	5.00%	11.9	46.5	46.5	58.4	5.00%	2023
(ii) Build and upgrade information technology systems	43.8	3.75%	1.1	42.7	42.7	43.8	3.75%	2023
(iii) Increase the coverage of information technology systems and roll out smart community management tools in the communities under the Group's management	43.8	3.75%	4.3	39.5	39.5	43.8	3.75%	2023
(iv) Upgrade the Group's information management systems	29.2	2.50%	0	29.2	29.2	29.2	2.50%	2023
(d) Working capital and other general corporate purposes	116.8	10.00%	123.5	-6.7 ⁽¹⁾	168.5	292.0	25.00%	2024
Total	1,168.0	100.00%	404.5	763.5	763.5	1,168.0	100.00%	

Note (1) As a result of certain legal proceedings brought against the Group, in 2023, a total of approximately HK\$6.7 million was deducted from the bank account where the Net Proceeds were placed as directed by courts including, among others, the Xinbei District People's Court, Changzhou City, Nanhu District People's Court, Jiaxing City, and Wuzhong District People's Court, Suzhou City, for settlement of the Group's payables.

REASONS FOR CHANGE IN USE OF NET PROCEEDS

Business expansion

The Company originally planned to invest approximately 45% of the Net Proceeds of approximately HK\$525.6 million in “strategic acquisitions and investments in property management companies” to expand the Group’s geographic coverage, reinforce its competitive edge in economically developed regions, diversify its portfolio of managed properties and enhance its brand awareness. The Company has been actively looking for strategic acquisition and investment opportunities since its listing and in accordance with the plans stated in the Prospectus. Since its listing, the Company identified numerous potential property management companies as acquisition targets, and conducted preliminary due diligence works on such targets such as conducting site visits and interviews with their senior management and obtaining basic corporate and financial information to ensure that such targets meet the acquisition criterion set by the Group and disclosed in the Prospectus (the “**Criterion**”). Further due diligence, research, and initial negotiation were then commenced on the targets which preliminarily satisfied the Criterion.

However, most of the potential acquisition targets in the market were suffering from losses due to the COVID-19 pandemic. Despite that the Company has identified certain suitable acquisition targets, it did not proceed with such acquisitions due to either the fact that the targets failed to meet the Criterion after further due diligence works were conducted, or the target’s financial problems or internal compliance issues which were non-rectifiable or refused to be rectified by the targets, or failure to reach a consensus on commercial terms which would be acceptable to the Company. Since the second quarter of 2021, the Company became aware that the number of acquisition targets meeting the Criterion had substantially decreased due to the combined effect of the dynamic changes in market circumstances in the real estate industry, the downturn in the PRC property market and the resurgence of the COVID-19 pandemic.

As such, since its listing and up to the date of this announcement, the Company was only able to complete the acquisition of one target company which constituted a connected transaction of the Company (for details, please refer to the announcement of the Company dated December 18, 2022). The Board has been closely monitoring the market development for possible acquisition targets which meets the Criterion. However, after current review of the market conditions, it is uncertain to the Board when the PRC real estate market would recover.

Therefore, the Company considered that instead of continuously holding onto the unutilised Net Proceeds for the intended acquisitions of property management companies until suitable opportunities arise, which is currently generating minimal level of bank interest income, the proposed change in use of the Net Proceeds to invest in companies engaging in environmental sanitation, medical beauty and tourism and accommodation would allow the Group to be prepared for seizing new opportunities arising from these emerging sectors of which the Company is optimistic about the future prospect and which the Company considers to have a more positive prospect than the property management segment. It is expected that such acquisitions could generate new stream of revenue for the Group and achieve business expansion. Considering the recent changes in the property management industry and the fact that there are fewer acquisition targets with high quality and appropriate valuations, the Board believes that reallocating part of the unutilised Net Proceeds to the acquisitions and investments in companies engaging in environmental sanitation, medical beauty and tourism and accommodation can improve the efficiency of the Group’s use of funds and promote the healthy and sustainable development of the Group. Therefore, the Company intends to reallocate approximately HK\$151.8 million of

the Net Proceeds to fund the “strategic acquisitions and investments in companies engaging in environmental sanitation, medical beauty and tourism and accommodation. Notwithstanding the reallocation, the Company will continue to monitor the market development. Should there be any opportunities for potential acquisitions of property management companies which meet the Criterion, it will proceed with acquisition of suitable target companies with the unutilised Net Proceeds remaining for such purpose and internally generated funds as and when appropriate.

Enrich community value-added service offerings

The Company originally planned to invest approximately 7% of the Net Proceeds of approximately HK\$81.8 million to “further diversify its community value-added service offerings to cover housekeeping services, community elderly care and healthcare services”. As mentioned in the 2022 Annual Report, through analysing data on property owners and residents’ behaviours collected during the provision of property management services, the Group is committed to enrich the services and products offerings of its community value-added services in response to the highly demanded services from property owners and residents in their daily life. In order to provide a one-stop service platform and an all-rounded community to meet the needs of property owners and residents, the Group plans to further diversify and expand its community value-added service offerings to cover housekeeping services, agricultural and sideline products and breeding, decoration services, and community elderly care and healthcare services. Among which, it plans to provide integrated professional services such as indoor air quality improvement, housekeeping and cleaning, appliance cleaning services, as well as home decoration services, and customise these services to property owners and residents based on their needs. In addition, the Company believes that expanding the coverage to cover the provision of agricultural and sideline products for sale in the communities could improve the property owners’ shopping experience and meet their daily needs. Therefore, the Company intends to further allocate HK\$58.4 million of the Net Proceeds (i.e. allocating a total of approximately HK\$140.2 million of the Net Proceeds) for such investments.

Working capital and other general corporate purposes

The Company originally planned to use approximately 10% of the Net Proceeds of approximately HK\$116.8 million for general business purpose and working capital. As at the date of this announcement, such original allocation has already been fully utilised with an additional amount of approximately HK\$6.7 million being utilised in excess of the original allocation. As a result of certain legal proceedings brought against the Group, in 2023, a total of approximately HK\$6.7 million was deducted from the bank account where the Net Proceeds were placed for settlement of the Group’s payables as directed by courts including, among others, Xinbei District People’s Court, Changzhou City, Nanhu District People’s Court, Jiaxing City, and Wuzhong District People’s Court, Suzhou City. This happened after the Group fully utilised the original allocation of the Net Proceeds to working capital of approximately HK\$116.8 million. The Company was only informed by the bank after such deduction. To avoid mandatory deduction by the bank under similar circumstances in the future, the Company has made arrangements with the bank to have deductions (if any) from other bank accounts of the Group instead of the bank account with the Net Proceeds under similar circumstances.

Taking into account the abovementioned intended acquisition of companies engaging in environmental sanitation, medical beauty and tourism and accommodation businesses and further diversification of its community value-added service offerings, the Group expects to incur additional costs to support the new business expansion including operational expenses in relation to organising travel tours, providing children day care services and other environmental sanitation services, staff costs to employ new employees, as well as advertising and promotional expenses. Also, due to the lingering impact of the COVID-19 pandemic and global economic downturn, some customers of the Group would take longer to settle trade receivables. As such, through allocating more Net Proceeds as working capital, the Group would be able to provide more flexibility in its financial management to support its business operation. Therefore, it intends to adjust the allocation for working capital and other general corporate purpose to 25% of the Net Proceeds or HK\$292.0 million, resulting in a remaining available amount of HK\$168.5 million after the adjustment.

The Board considers that there is no material change in the nature of the business of the Company as set out in the Prospectus, and the change in the use of the Net Proceeds is in the best interest of the Company and the Shareholders as a whole and it would not have a material adverse effect on the existing business operations of the Group.

Save as disclosed in this announcement, there are no other changes on the use of the remaining unutilized Net Proceeds.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions have the following meanings.

“2022 Annual Report”	the 2022 annual report published by the Company on April 28, 2023
“Board”	the board of Directors
“China” or the “PRC”	the People’s Republic of China
“Company”	Roiserv Lifestyle Services Co., Ltd. (榮萬家生活服務股份有限公司), a joint stock company established in the PRC with limited liability and the H Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2146)
“Director(s)”	the director(s) of the Company
“Global Offering”	has the meaning ascribed to it in the Prospectus
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong Dollars and listed on the Main Board of the Stock Exchange
“HK\$” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Net Proceeds”	the total net proceeds raised by the Company from the Global Offering which amounted to approximately HK\$1,168 million after deducting the underwriting commission and other expenses
“Prospectus”	the prospectus of the Company dated December 31, 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
Roiserv Lifestyle Services Co., Ltd.
Geng Jianfu
Chairman and Executive Director

Hong Kong, June 16, 2023

As at the date of this announcement, the executive Directors are Mr. Geng Jianfu, Ms. Liu Hongxia and Mr. Xiao Tianchi; the non-executive Director is Mr. Zhang Wenge; and the independent non-executive Directors are Mr. Jin Wenhui, Mr. Xu Shaohong and Mr. Tang Yishu.

Any discrepancy in any table between totals and sums of individual amounts listed in any table are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.