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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)

CONNECTED TRANSACTION ACQUISITION OF 70% EQUITY INTEREST IN THE TARGET COMPANY

INTRODUCTION

The Board is pleased to announce that on July 28, 2023 (before trading hours), the Company entered into the Agreement with the Vendor for the sale and purchase of the Sale Equity, representing 70% equity interest in the Target Company for the consideration in the amount of RMB50,155,000, subject to the terms and conditions as set out in the Agreement.

Upon completion of Acquisition, the Target Company will be owned as to 70% by the Company and the Target Company shall become a subsidiary of the Company and the financial results of which will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Vendor is RiseSun Holdings Co., Ltd.* (榮盛控股股份有限公司), a controlling shareholder of the Company, and thus a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Acquisition exceeds 0.1% but is less than 5%, the Company is subject to the reporting and announcement requirements but exempt from the circular (including the appointment of independent financial adviser) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on July 28, 2023 (before trading hours), the Company entered into the Agreement with the Vendor for the sale and purchase of the Sale Equity, representing 70% equity interest in the Target Company, for the consideration in the amount of RMB50,155,000, subject to the terms and conditions as set out in the Agreement.

THE ACQUISITION

Principal terms of the Agreement are summarised as follows:

Date:

July 28, 2023 (before trading hours)

Parties:

- (1) the Company as the purchaser; and
- (2) RiseSun Holdings Co., Ltd.* as the Vendor.

Subject matter

Pursuant to the Agreement, the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to purchase, the Sale Equity, representing 70% equity interest in the Target Company.

Consideration and basis of determination of the consideration

The consideration for the Sale Equity is RMB50,155,000, which was determined after arm's length negotiations between the Company and the Vendor with reference to, among others (i) the appraised market value of the Target Company of RMB71,630,000 valued by an independent and qualified valuer, Beijing Zhongtianhua Asset Appraisal Co., Ltd. (the "**Valuer**"), using market approach as at May 31, 2023; (ii) the Sale Equity, representing 70% equity interest in the Target Company; and (iii) the reasons and benefits as more particularized in the paragraph headed "REASONS FOR AND BENEFITS OF THE ACQUISITION" below.

The Valuer has adopted the comparable companies method by selecting three comparable companies which are engaging in similar business in the PRC and are listed on the Shenzhen Stock Exchange or Shanghai Stock Exchange having taken into consideration of the profit-generating capacity, solvency, and business environment of the Target Company (the "**Comparable Companies**"). The valuation was determined with reference to the average price-to-earnings ("**P/E**") multiple of the Comparable Companies, the coefficient factor of the Comparable Companies, the net profit attributable to the owner of the Target Company for the year ended December 31, 2022 and the discount for lack of marketability given the Target Company is a private company as at the date of the Agreement. The adjusted P/E ratio of the Comparable Companies ranged from 13.98 to 21.97, with an average P/E ratio of 17.24.

The consideration shall be payable in cash through wire transfer to the designated bank account within 30 days upon the signing of the Agreement.

The consideration will be fully funded by the Net Proceeds, as more particularized in the paragraphs set out in the paragraph headed "REASONS FOR AND BENEFITS OF THE ACQUISITION" below.

The Board considered that the consideration is fair and reasonable having taken into account the following factors:

- (i) the consideration represents approximately the 70% equity interests of the value of the Target Company being approximately RMB50.15 million as valued by an independent and qualified valuer; and
- (ii) the Target Company had recorded operating profit at an increasing trend in the years of 2022 and 2023 and the Acquisition would expand the supply of public services provided by the Group to include environmental sanitation and related services and enable the Company to provide greater benefit, value and return to its shareholders, details of which are disclosed in the paragraph headed “REASONS FOR AND BENEFITS OF THE ACQUISITION” as set out in this announcement.

Completion

The Vendor shall cooperate with the Company to complete the industrial and commercial registration for the Sale Equity within 7 days upon the signing of the Agreement.

Upon completion of Acquisition, the Target Company will be owned as to 70% by the Company and 30% by Mr. Qi Xuejun, a Chinese individual who is an Independent Third Party. The Target Company shall become a subsidiary of the Company and the financial results of which will be consolidated into the financial statements of the Group.

INFORMATION ON THE PARTIES

The Company

The Company is a limited liability company established in the PRC, the issued H Shares of which are listed on the Stock Exchange. The Group is principally engaged in property management services, value-added services to non-property owners and community value-added services.

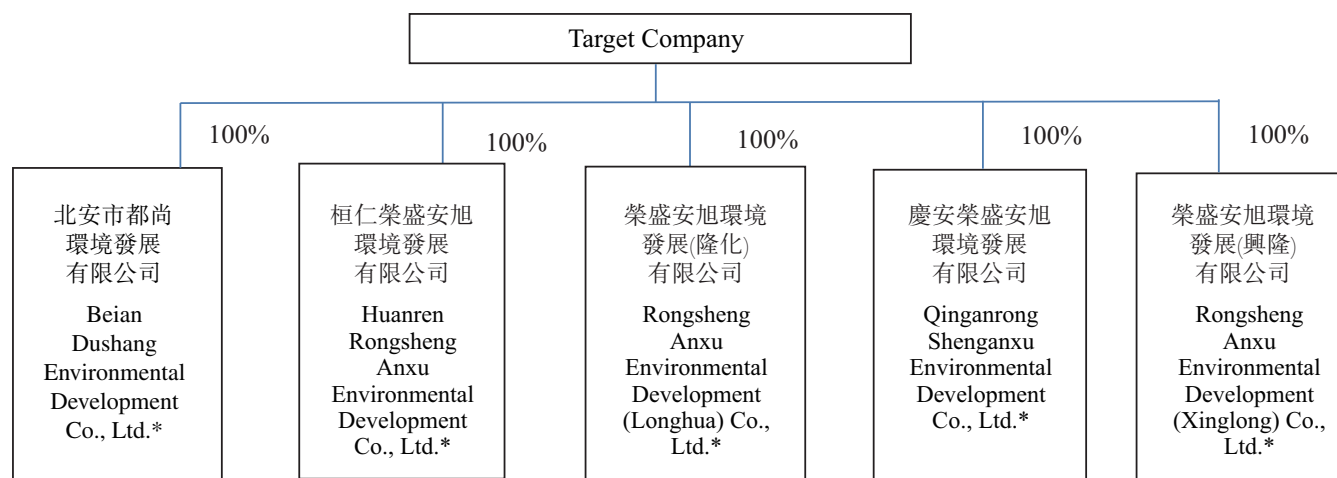
The Vendor

The Vendor is a joint stock company with limited liability established in the PRC on July 31, 2002 and is one of the controlling shareholders of the Company. As at the date of this announcement, the Vendor is owned as to approximately 60.09% by Mr. Geng Jianming and the remaining 39.91% is held by over 100 individuals who, to the best of the Directors’ knowledge, information and belief, after making all reasonable enquiries, are Independent Third Parties and none of such individuals alone holds more than 10% of the equity interest in the Vendor. It is principally engaged in investment activities in construction, engineering design, real estate, building materials manufacturing, metal manufacturing, health, finance, insurance, and mining industries.

The Target Company

The Target Company is a company established in the PRC with limited liability. As at the date of this announcement, the Target Company is owned as to 70% by the Vendor and 30% by Mr. Qi Xuejun. To the best of the Directors’ knowledge, information and belief, after making all reasonable enquiries, Mr. Qi Xuejun is an Independent Third Party. The Target Company is principally engaged in environmental sanitation business including solid waste management, water pollution control, urban greening management, building cleaning services, environmental consulting services and other related services.

Below is a chart depicting the structure of the Target Group which comprises the Target Company and its five wholly-owned subsidiaries as at the date of this announcement:



Beian Dushang Environmental Development Co., Ltd.* is incorporated in the PRC with limited liability and principally engaged in environmental health management, environmental protection and governance consulting services and urban household garbage removal services.

Huanren Rongsheng Anxu Environmental Development Co., Ltd.* is incorporated in the PRC with limited liability and principally engaged in urban garbage removal and treatment services, road cleaning services and water pollution management services.

Rongsheng Anxu Environmental Development (Longhua) Co., Ltd.* is incorporated in the PRC with limited liability and principally engaged in environmental sanitation management, road management and maintenance services, and water pollution management services and other related services.

Qinganrong Shenganxu Environmental Development Co., Ltd.* is incorporated in the PRC with limited liability and principally engaged in environmental sanitation management, environmental protection and governance consulting services, urban household garbage removal services and other related services.

Rongsheng Anxu Environmental Development (Xinglong) Co., Ltd.* is incorporated in the PRC with limited liability and principally engaged in environmental health management, environmental protection and governance consulting services, greenery and other related services.

FINANCIAL INFORMATION ON THE TARGET COMPANY

Set out below is the financial information of the Target Company prepared in accordance with the China Accounting Standards for Business Enterprises for the two years ended December 31, 2021 and 2022 as well as for the five months ended May 31, 2023:

	For the year ended December 31, 2021 (unaudited)	For the year ended December 31, 2022 (audited)	For the five months ended May 31, 2023 (audited)
Net profit before tax	12,288,431.19	14,356,035.09	7,434,485.66
Net profit after tax	9,216,323.39	9,364,029.94	5,721,351.76

The audited net asset value of the Target Company was approximately RMB44,300 as at May 31, 2023.

The original costs of investment incurred by the Vendor in the Target Company was approximately RMB7.41 million, representing the Vendor's capital contribution in the Target Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed in the announcement of the Company dated June 16, 2023, the Board resolved to change the use of the Net Proceeds such that the unutilized Net Proceeds in the amount of approximately HK\$151.8 million will be re-allocated to fund the strategic acquisitions and investments in target companies engaging in, among others, environmental sanitation. China's 14th Five-Year Plan requires comprehensively improving the quality of cities and encourages innovative urban management methods, models and concepts, thereby meeting the people's needs with precision and efficiency. As the PRC Government increases its investment in public environmental sanitation sector, provision of urban services has become an emerging business with huge potential and growth opportunities for property management enterprises.

In response to the PRC Government's latest policy and the new industry norm for property management services companies to engage in environmental sanitation business, the Company strives to explore a new model of supply of public services, and is committed to contributing its own strengths to urban public services with a focus on environmental sanitation.

The Target Group is principally engaged in environmental sanitation and related services, with a total of 13 projects under management with gross floor area under management of approximately 13,145,800 square meters, covering three provinces and five cities in the PRC. The Company believes that the Acquisition will allow the Company to lower its cost of entry into the environmental sanitation business by utilising the existing urban services expertise, contracts and customer connections of the Target Group and the Group could also expand and diversify its source of revenue.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Agreement are on normal commercial terms and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, but are not entered in the ordinary and usual course of business of the Group.

BOARD APPROVAL

As at the date of this announcement, the Vendor is owned as to approximately 60.09% by Mr. Geng Jianming, the ultimate controlling shareholder of the Company and the brother of Mr. Geng Jianfu, the chairman of the Board and an executive Director. Mr. Geng Jianfu is therefore considered to have a material interest in the transactions contemplated under the Agreement and has abstained from voting on the relevant Board resolutions approving the Agreement and the transactions contemplated thereunder. Save as disclosed above, no other Director has a material interest in the Agreement or has abstained from voting on the relevant Board resolutions approving the Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

The Vendor is RiseSun Holdings Co., Ltd.* (榮盛控股股份有限公司), which is a controlling shareholder of the Company, and thus a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Acquisition exceeds 0.1% but is less than 5%, the Acquisition shall be subject to the reporting and announcement requirements but exempt from the circular (including the appointment of independent financial adviser) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Equity pursuant to the terms of the Agreement
“Agreement”	the agreement dated July 28, 2023 entered into between the Company and the Vendor in relation to the sale and purchase of the Sale Equity
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Domestic Share(s)”	the ordinary share(s) in the capital of the Company issued by the Company in PRC, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB by PRC natural persons or entities consolidated under the relevant laws of the PRC
“Global Offering”	as the meaning ascribed to it in the prospectus of the Company dated December 31, 2020
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a person, or in the case of a company, the company and its ultimate beneficial owner(s), who is independent of and not connected with the Company and its subsidiaries and its connected persons and its ultimate beneficial owner(s) or their respective associates

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity”	70% equity interest in the Target Company
“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the Domestic Shares and the H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Wanjia Smart Environment (Beijing) Co., Ltd.* (萬家智慧環境(北京)有限公司), a company incorporated in the PRC with limited liability
“Target Group”	the Target Company and its subsidiaries
“Vendor”	RiseSun Holdings Co., Ltd.* (榮盛控股股份有限公司), a joint stock company with limited liability established in the PRC on July 31, 2002 and one of the controlling shareholders of the Company
“%”	per cent

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

Langfang, the PRC, July 28, 2023

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

* *English names of the PRC established companies in this announcement are only translations of their official Chinese names solely for identification purpose. In case of inconsistency, the Chinese names prevail.*