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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

THE ACQUISITION

Principal terms of the Agreement are summarized as follows:

Date:

July 28, 2023 (before trading hours)

Parties:

- (1) the Company as the purchaser; and
- (2) Risen Holding 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 negotiation between the Company and the Vendor with reference to, among other (i) the appraised market value of the Target Company of RMB71,630,000 valued by an independent and qualified valuer, Beijing Zhongyuan Asset Appraisal Co., Ltd. (the **Valuer**), using market approach as at March 31, 2023; (ii) the Sale Equity, representing 70% equity interest in the Target Company; and (iii) the reason and benefits a more particularly set 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, volume, 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.

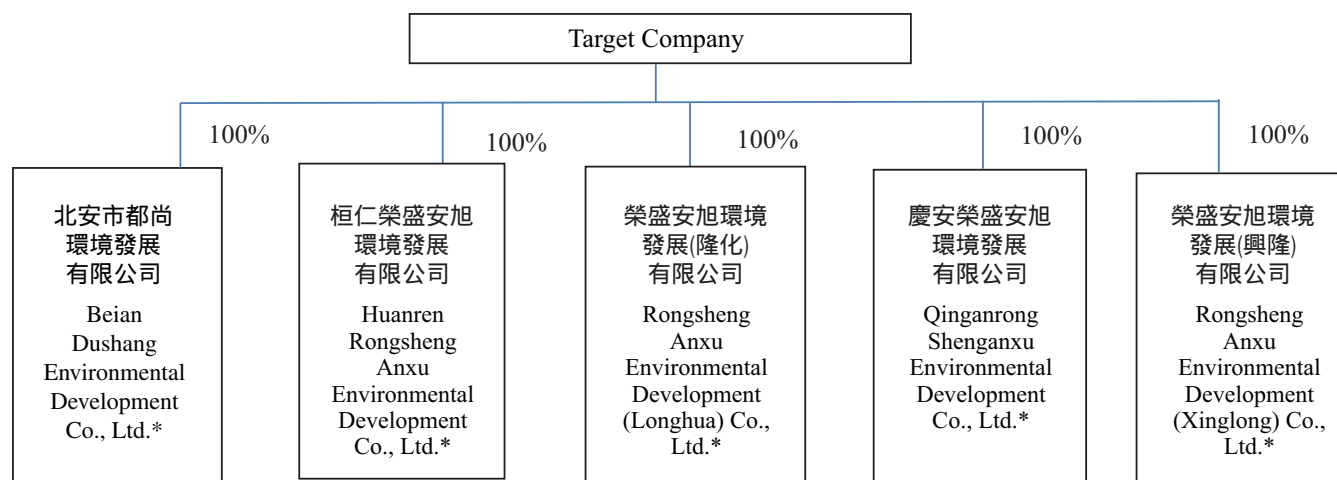
The consideration shall be payable in cash through wire transfer to the designated bank account within 30 days upon the signing of the Agreement.

The consideration will be funded by the Net Proceeds, a more particularly set in the paragraph 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 70% 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 year of 2022

Below is a chart depicting the structure of the Target Group which comprises the Target Company and its wholly-owned subsidiaries as at the date of his 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 residential 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 Shengnuxu 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 Standard for Business Enterprises for the two years ended December 31, 2021 and 2022 and the first five months ended May 31, 2023:

| | For the year ended December 31, 2021 (in million) | For the year ended December 31, 2022 (in million) | For the five months ended May 31, 2023 (in million) |
|-----------------------|--|--|--|
| 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 as at approximately RMB44,300 as at May 31, 2023.

The original cost of investment incurred by the Vendor in the Target Company as at 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 scope of the Net Proceeds, which has the same Net Proceeds in the amount of approximately HK\$151.8 million will be re-allocated to fund the strategic acquisition and investments in large companies engaging in, among other, environmental protection. China's 14th Five-Year Plan requires comprehensive improvement of quality of life and encourage innovation in urban management method, model and concept, hereby meeting the people's need for high precision and efficiency. As the PRC Government increases its investments in public environmental protection sector, provision of urban services has become an emerging business with huge potential and growth opportunities for proper management enterprise.

In response to the PRC Government's latest policies and the new industry norm for proper management services companies to engage in environmental protection business, the Company will explore a new model of provision of public services, and is committed to contributing to the strength of urban public services with a focus on environmental protection.

The Target Group is principally engaged in environmental protection 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 leverage its connections with the environmental protection business, utilizing the existing urban services expertise, contacts 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 Agreements are on normal commercial terms and are fair and reasonable and are in the interest of the Company and the Shareholders as a whole, but are not entered into the ordinary and usual course of business of the Group.

BOARD APPROVAL

At the date of this announcement, the Vendor is owned and controlled by 60.09% by Mr. Geng Jianming, the ultimate controlling shareholder of the Company and the brother of Mr. Geng Jianfeng, the chairman of the Board and an executive Director. Mr. Geng Jianfeng is therefore considered to have a material interest in the transaction contemplated under the Agreements and has abstained from voting on the relevant Board resolution approving the Agreements and the transaction contemplated hereunder. Save as disclosed above, no other Director has a material interest in the Agreements or has abstained from voting on the relevant Board resolution approving the Agreements and the transaction contemplated hereunder.

LISTING RULES IMPLICATIONS

The Vendor is Ri Esun Holding Co., Ltd.* (榮盛控股股份有限公司), which is a controlling shareholder of the Company, and is 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 be 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 meaning:

| | |
|------------------------------|--|
| 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 | Roi'er Life Service 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 |
| Director(s) | the director(s) 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 person(s) or entities incorporated under the relevant laws of the PRC |
| Global Offering | has 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 dollar 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 Rule | the Rule Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| Net Proceed | 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, including 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 Share and the H Share |
| Shareholder(s) | holder(s) of the Share(s) |
| Stock Exchange | The Stock Exchange of Hong Kong Limited |
| Target Company | Wanjia Smart Environmentmen (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 | Risun Holding 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, Mr. Li Hongbiao and Mr. Xiao Tianchi as executive directors; Mr. Zhang Wenge as a non-executive director; and Mr. Jin Wenhui, Mr. Xi Shaohong and Mr. Tang Yihua as independent non-executive directors.

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