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Lushang Life Services Co., Ltd.

魯商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: 2376)

CONTINUING CONNECTED TRANSACTIONS

ANNUAL CAP EXCEEDED

Reference is made to the announcement of Lushang Life Services Co., Ltd. (the “**Company**”) dated November 20, 2023 (the “**CCT Announcement**”) and the circular of the Company dated December 11, 2023 (the “**CCT Circular**”) in relation to, among others, the entering into of the New Master Property Management and Related Services Agreement between the Company and Shandong Commercial. Unless otherwise defined, terms used herein shall have the same meanings as those defined in the CCT Announcement and the CCT Circular.

ANNUAL CAP EXCEEDED

The annual caps under the New Master Property Management and Related Services Agreement for the two years ending December 31, 2025 are as follows:

	For the year ended December 31, 2024 (RMB'million)	For the year ending December 31, 2025 (RMB'million)
Lushang Freda Associates	5.0	6.0
Shandong Commercial Associates	75.0	86.0
Total	80.0	92.0

In preparing the annual report of the Company for the year ended December 31, 2024, the Company noted that the actual transaction amount with Lushang Freda Associates under the New Master Property Management and Related Services Agreement for the year ended December 31, 2024 was RMB5,481,073.98, which exceeded the annual cap by RMB481,073.98. The Company also noted that the actual transaction amount with Shandong Commercial Associates under the New Master Property Management and Related Services Agreement for the year ended December 31, 2024 was RMB64,924,522.04, which has not exceeded the annual cap. Therefore, the actual transaction amount in total under the New Master Property Management and Related Services Agreement for the year ended December 31, 2024 was RMB70,405,596.02. The Directors (including the independent non-executive Directors) are of the view that the transactions under the New Master Property Management and Related Services Agreement were conducted in the ordinary and usual course of business of the Group and on normal commercial terms, which were fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

REASONS FOR EXCEEDING THE ANNUAL CAP

The actual transaction amount with Lushang Freda Associates under the New Master Property Management and Related Services Agreement for the year ended December 31, 2024 exceeded the annual cap primarily due to our active expansion of the property businesses of the complexes related to Lushang Freda Associates during the year ended December 31, 2024, and in order to enhance customer's loyalty and further enrich our services' ecosystem, we have introduced an innovative model to bring in the food and beverage services related to property operation catering towards the needs of customers, and thus resulting in an unexpected growth in our businesses, causing the actual transaction amount with Lushang Freda Associates to slightly exceed the annual cap.

ENHANCED INTERNAL CONTROL MEASURES

In order to ensure the Company's compliance with the applicable Listing Rules requirements going forward and with a view to preventing such event from reoccurring, the Company has taken the following measures to further enhance and strengthen its internal control in respect of its continuing connected transactions:

- (a) the Company will arrange on a regular basis additional trainings for its employees, including the business operation, finance, and company secretarial departments, to strengthen their familiarity of the Listing Rules and enhance their awareness of the compliance with the relevant internal control procedures relating to the Group's continuing connected transactions;
- (b) the Group will promote and facilitate effective communication between its different departments and between members of the Group, and specifying the data collection process, so as to assure all necessary requirements of the Listing Rules are complied with; and

- (c) all members of the Group will be required to report to the finance department of the Company which will closely monitor the actual transaction amounts relating to its continuing connected transactions on a regular basis. If the actual transaction amount reaches 80% of the proposed annual caps of the relevant continuing connected transactions at any time, the matter shall promptly be escalated to the financial controller of the Company, who will seek advice from the audit committee of the Company and the Board for appropriate measures, including but not limited to revising the relevant proposed annual caps in accordance with the requirements of the Listing Rules, if necessary.

The Directors are of the view that the above enhanced internal control measures could strengthen the internal control procedures of the Company and effectively prevent the occurrence of similar events in the future.

INFORMATION OF THE PARTIES

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

Shandong Commercial is a large-scale holding company with a wide range of investments among various sectors such as the commerce and e-commerce industry, the pharmaceutical and cosmetic industry and the life service industry, which is controlled by the State-owned Assets Supervision and Administration Commission of Shandong Provincial Government (山東省人民政府國有資產監督管理委員會).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shandong Commercial is a controlling shareholder of the Company, and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the New Master Property Management and Related Services Agreement constitute continuing connected transactions of the Company.

As the actual transaction amount under the New Master Property Management and Related Services Agreement for the year ended December 31, 2024 exceeded the annual cap (particularly the annual cap for transactions with Lushang Freda Associates), the Company is required to re-comply with the relevant requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) as defined under the Listing Rules in respect of the actual transaction amount under the New Master Property Management and Related Services Agreement is more than 5%, the transactions contemplated under the New Master Property Management and Related Services Agreement are subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As a result, the Company has failed to re-comply with the announcement and independent shareholders' approval requirements before the annual cap of the New Master Property Management and Related Services Agreement was exceeded under Chapter 14A of the Listing Rules.

The Company had taken additional measures to prevent the reoccurrence of similar breaches of the Listing Rules in the future. For details, please refer to the paragraph headed "Enhanced Internal Control Measures" in this announcement.

By order of the Board
Lushang Life Services Co., Ltd.
Mr. WANG Zhongwu
Chairman and executive Director

Jinan, the PRC, April 25, 2025

As at the date of this announcement, the Board comprises Mr. WANG Zhongwu as Chairman and executive Director, Mr. NING Daoju and Mr. SHAO Meng as executive Directors, Ms. LUO Ye and Ms. LI Han as non-executive Directors, and Ms. LEUNG Bik San, Ms. CHEN Xiaojing and Mr. MA Tao as independent non-executive Directors.