

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, registered institution in securities, a bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Lushang Life Services Co., Ltd., you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

**(I) CONTINUING CONNECTED TRANSACTIONS –
REVISION OF ANNUAL CAPS OF THE PROPERTY MANAGEMENT
AND RELATED SERVICES**

**(II) CONTINUING CONNECTED TRANSACTIONS –
RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH
SHANDONG COMMERCIAL**

**(III) MAJOR TRANSACTION AND CONTINUING CONNECTED
TRANSACTIONS – RENEWAL OF CONTINUING CONNECTED
TRANSACTIONS WITH COMMERCIAL FINANCE**

AND

(IV) NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
泓博資本有限公司

Capitalised terms used in this cover page shall have the same meaning as those defined in the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 6 to 35 of this circular. and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages IBC-1 to IBC-2 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-20 of this circular.

A notice convening the EGM to be held at 38th Floor, Block 5, Lushang Guo’ao City, No. 9777 Jingshi Road, Lixia District, Jinan, Shandong, the PRC on Thursday, 30 October 2025 at 10:00 a.m. is set out on pages EGM-1 to EGM-5 of this circular. A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.lushangfuwu.com).

Whether or not you intend to attend the EGM (or any adjournment thereof), you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company’s H share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for H shareholders), or to the registered office of the Company at Room 202, Block 2, Lushang Guo’ao City, No. 9777 Jingshi Road, Lixia District, Jinan, Shandong, the PRC (for domestic shareholders) as soon as possible and in any event not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event the form of proxy shall be deemed to be revoked.

10 October 2025

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms or expressions shall have the following meanings:

“2023 Deposit Services Master Agreement”	the deposit services master agreement entered into by the Company and Commercial Finance on 9 June 2023;
“2023 Design Services Master Agreement”	the design services master agreement entered into by the Company and Shandong Commercial on 20 November 2023;
“2023 Property Management and Related Services Master Agreement”	the property management and related services master agreement entered into by the Company and Shandong Commercial on 20 November 2023;
“2023 Publications”	(i) the announcement of the Company dated 20 November 2023, the circular of the Company dated 11 December 2023 and the poll results announcement of the Company dated 28 December 2023 on 2023 Property Management and Related Services Master Agreement, 2023 Design Services Master Agreement; and (ii) the announcement of the Company dated 9 June 2023, the circular of the Company dated 15 June 2023 and the poll results announcement of the Company dated 30 June 2023 on the 2023 Deposit Services Master Agreement;
“2025 Deposit Services Master Agreement”	the deposit services master agreement entered into by the Company and Commercial Finance on 25 September 2025;
“2025 Design Services Master Agreement”	the design services master agreement entered into by the Company and Shandong Commercial on 25 September 2025;
“2025 Property Management and Related Services Master Agreement”	the property management and related services master agreement entered into by the Company and Shandong Commercial on 25 September 2025;
“2025 SC Master Agreements”	collectively, the 2025 Deposit Services Master Agreement, the 2025 Design Services Master Agreement and 2025 Property Management and Related Services Master Agreement;

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Business Day”	a day (excluding Saturdays, Sundays and public holidays) on which licensed banks are open for general banking business in Hong Kong;
“Board”	the board of Directors;
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會);
“Commercial Finance”	Shandong Commercial Group Finance Co., Ltd.* (山東省商業集團財務有限公司), a wholly-owned subsidiary of Shandong Commercial;
“Company”	Lushang Life Services Co., Ltd. (魯商生活服務股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, its H Shares are listed and traded on the main board of the Stock Exchange (stock code: 2376);
“connected person”	has the meaning ascribed to it in the Listing Rules;
“controlling shareholder(s)”	have the same meaning as ascribed to it under the Listing Rules;
“Deposit Services”	deposit services provided by Commercial Finance as a non-bank financial institution;
“Design Services”	services including (without limitation to) (a) the architectural design services; (b) landscape design services; (c) decoration design services; and (d) decoration management services;
“Director(s)”	the director(s) of the Company;
“Domestic Share(s)”	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid for in RMB;
“EGM”	the third extraordinary general meeting of the Company in 2025 to be convened and held to consider and, if thought fit, approve each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements and the transactions respectively contemplated thereunder;

DEFINITIONS

“GFA”	gross floor area;
“Group”	the Company and its subsidiaries;
“H Share(s)”	the ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are listed on the main board of the Stock Exchange and traded in Hong Kong dollars;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors, namely Ms. Leung Bik San, Ms. Chen Xiaojing and Mr. Ma Tao, being, which is formed to advise the Independent Shareholders on each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements and the transactions respectively contemplated thereunder;
“Independent Financial Adviser”/ “Rainbow Capital”	Rainbow Capital (HK) Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements and the transactions respectively contemplated thereunder;
“Independent Shareholders”	the Shareholders, other than Shandong Commercial and its associates, who have no material interest in each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements and the transactions respectively contemplated thereunder to be proposed at the EGM and are not required under the Listing Rules to abstain from voting at the EGM;
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial Shareholder (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates;

DEFINITIONS

“Latest Practicable Date”	10 October 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Lushang Freda”	Lushang Freda Pharmaceutical Co., Ltd. (魯商福瑞達醫藥股份有限公司), (i) a non-wholly owned subsidiary of Shandong Commercial; (ii) a controlling Shareholder holding 95,100,000 Domestic Shares, which represents approximately 71.32% of the entire issued share capital of the Company; and (iii) a joint stock company established in the PRC with limited liability, whose shares are listed on the Shanghai Stock Exchange (stock code: 600223);
“Lushang Freda Associates”	Lushang Freda and its associates;
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan;
“Property Management and Related Services”	services including (without limitation to) (a) the services prior to delivery of property such as property inspection services, cleaning services, and pre-delivery preparations; (b) property management services; and (c) other related services such as catering and beverage services;
“RMB”	Renminbi, the lawful currency of the PRC;
“SCRED Ltd.”	Shandong Commercial Real Estate Development Co., Ltd.* (山東省城發建設管理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Shandong Urban and Rural, Shandong Urban and Rural Development Group Co., Ltd.* (山東省城鄉發展集團有限公司), which is in turn a wholly-owned subsidiary of Shandong Commercial;
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;

DEFINITIONS

“Shandong Commercial”	Shandong Commercial Group Co., Ltd. (山東省商業集團有限公司), owned by Shandong SASAC as to 70% of its equity interest, is a company established in the PRC with limited liability, and as the controlling Shareholder of the Company; and Shandong Commercial together with its associates, hold 100,000,000 Domestic Shares, representing approximately 75.00% of the Company’s entire issued share capital;
“Shandong Commercial Associates”	Shandong Commercial and its associates (excluding Lushang Freda Associates);
“Shandong SASAC”	Shandong Provincial State-Owned Assets Supervision and Administration Commission (山東省人民政府國有資產監督管理委員會);
“Share(s)”	Domestic Share(s) and/or H Share(s) of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	the Stock Exchange of Hong Kong Limited;
“Supplemental PMRS Master Agreement”	the supplemental agreement to the 2023 Property Management and Related Services Master Agreement entered into by the Company and Shandong Commercial on 25 September 2025; and
“%”	per cent.

For the purposes of this circular, unless the context requires otherwise, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of HK\$1 to RMB0.92. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Renminbi have been, could have been or may be converted at such or any other rate or at all.

Certain amounts and percentage figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables, the currency conversion or percentage equivalents may not be an arithmetic sum of such figures.

Unless otherwise specified, the English text of this circular, the notice of the EGM and accompanying form of proxy shall prevail over their respective Chinese text in case of inconsistency.

* For identification purpose only



Lushang Life Services Co., Ltd.

鲁商生活服务股份有限公司

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

(Stock Code: 2376)

Executive Directors

Mr. NING Daoju

Mr. SHAO Meng

Non-executive Directors

Mr. WANG Zhongwu (Chairman)

Ms. LUO Ye

Ms. LI Han

Independent non-executive Directors

Ms. LEUNG Bik San

Ms. CHEN Xiaojing

Mr. MA Tao

Registered office and

headquarters in the PRC

Room 202, Block 2

Lushang Guo'ao City

No. 9777 Jingshi Road

Lixia District, Jinan

Shandong, the PRC

Principal place of business in Hong Kong

40/F, Dah Sing Financial Centre

248 Queen's Road East, Wanchai

Hong Kong

10 October 2025

To the Shareholders

Dear Sir/Madam,

**(I) CONTINUING CONNECTED TRANSACTIONS –
REVISION OF ANNUAL CAPS OF THE PROPERTY MANAGEMENT
AND RELATED SERVICES**

**(II) CONTINUING CONNECTED TRANSACTIONS –
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AND

(IV) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Company's announcement dated 25 September 2025 in relation to, amongst other things, the Supplemental PMRS Master Agreement, the 2025 SC Master Agreements and the transactions contemplated thereunder (including the proposed revised annual caps therefor).

LETTER FROM THE BOARD

The purposes of this circular are to provide you with, among other things, (i) further details of approve each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements and the transactions respectively contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) other information as required to be disclosed under the Listing Rules; and (v) the notice convening the EGM. In the EGM, such necessary resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Supplemental PMRS Master Agreement, the 2025 SC Master Agreements and the transactions contemplated thereunder.

BACKGROUND

References are made to the 2023 Publications as follows:

1. the announcement of the Company dated 20 November 2023, the circular of the Company dated 11 December 2023 and the poll results announcement of the Company dated 28 December 2023 in respect of the revision of annual caps for and renewal of, amongst other things,
 - (a) the Property Management and Related Services under the 2023 Property Management and Related Services Master Agreement for the three years ending on 31 December 2025; and
 - (b) the Design Services under the 2023 Design Services Master Agreement for the three years ending on 31 December 2025; and
2. the announcement of the Company dated 9 June 2023, the circular of the Company dated 15 June 2023 and the poll results announcement of the Company dated 30 June 2023 in respect of the renewal of the Deposit Services under the 2023 Deposit Services Master Agreement for the three years ending on 31 December 2025.

LETTER FROM THE BOARD

REVISION OF ANNUAL CAPS FOR THE PROPERTY MANAGEMENT AND RELATED SERVICES

With further reference to the announcements of the Company dated 25 April 2025 and 30 May 2025, the original annual caps of the Property Management and Related Services under the 2023 Property Management and Related Services Master Agreement for Lushang Freda Associates and Shandong Commercial Associates for the years ended 31 December 2024 and ending 31 December 2025 are respectively as follows:

	Year ended 31 December 2024 (amounts in RMB' 000)	Year ending 31 December 2025 (amounts in RMB'000)
Lushang Freda Associates	5,000	6,000
Shandong Commercial Associates	75,000	86,000
TOTAL	80,000	92,000

As reflected from the announcements of the Company dated 25 April 2025 and 30 May 2025, it was noted that for the year ended 31 December 2024, the actual transaction amount with Lushang Freda Associates with respect to the Property Management and Related Services provided was RMB5,481,073.98, which exceeded the annual cap by RMB481,073.98, which is mainly due to the expansion into catering services provided to one of the Lushang Freda Associates with the execution of a catering service agreement (as an underlying contract under the 2023 Property Management and Related Services Master Agreement), so as to enhance customer's loyalty by means of the food and beverage services related to property operation catering towards the needs of customers.

Moving forward, in order to avoid the aforementioned event from taking place again, and as it is expected that the aggregate transaction amount under the 2023 Property Management and Related Services Master Agreement for the year ending 31 December 2025 will exceed the existing annual cap as demonstrated above and previously announced by the Company, the Board has resolved to revise the existing annual cap regarding the Property Management and Related Services for the year ending 31 December 2025 by the execution of the Supplemental PMRS Master Agreement.

The principal terms of the Supplemental PMRS Master Agreement are as follows:

Date : 25 September 2025 (after trading hours of the Stock Exchange)

Parties : (1) The Company; and
(2) Shandong Commercial.

Subject Matter : Revision of the existing annual caps for the year ending 31 December 2025 under the 2023 Property Management and Related Services Master Agreement.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the existing annual caps for the year ending 31 December 2025 in relation to the Property Management and Related Services have not been exceeded.

Set out below are the existing and revised annual caps with respect to Property Management and Related Services for the years ended 31 December 2025 (with the historical transaction amounts of Property Management and Related Services as at 31 August 2025 set out in brackets):

	Existing Annual Cap Year ended 31 December 2025 (amounts in RMB' 000)	Revised Annual Cap Year ending 31 December 2025 (amounts in RMB' 000)
Lushang Freda Associates	6,000 (5,306)	9,000
Shandong Commercial Associates	86,000 (42,423)	86,000
	92,000	95,000
TOTAL	92,000	95,000

Basis of Revised Annual Caps

The annual caps for the year ending 31 December 2025 have been proposed to be revised as per the Supplemental PMRS Master Agreement based on the following factors:

- (i) the historical transactions (especially in light of the exceeding in the annual caps with respect to Property Management and Related Services with Lushang Freda Associates for the year ended 31 December 2024) and actual transaction amounts for the provision of the Property Management and Related Services (with reference to the transaction amounts with Lushang Freda Associates as at 31 August 2025); and
- (ii) the demand for catering services by the customers enjoying the Property Management and Related Services exceeded the previous estimation made by the Group.

For the avoidance of doubt, save and except annual caps for the year ending 31 December 2025 as proposed to be revised as per the Supplemental PMRS Master Agreement reflected above, the Supplemental PMRS Master Agreement makes no revision to any other terms and conditions under the 2023 Property Management and Related Services Master Agreement.

LETTER FROM THE BOARD

Reasons for and benefits of the Adoption of the Revised Annual Caps

Given the gradually maturing experience in catering and beverage services of the Group (as part of the Property Management and Related Services), the Group can provide more extensive services (in terms of cuisines), with market price, on normal commercial terms and terms that are no less favourable to the Group than those offered to independent third parties, which can broaden the revenue base of the Group and is in the interests of the Group and the shareholders of the Company as a whole. The revision of the relevant existing annual caps will allow the Group to expand further in providing such value-adding services as part of the Group's property management services.

The Directors (excluding Mr. Wang Zhongwu but including the independent non-executive Directors) are of the view that the terms of the Supplemental PMRS Master Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

With reference to the 2023 Publications on the engagement of certain services between the Company and Shandong Commercial or Commercial Finance (as the case may be), including Property Management and Related Services and Design Services with services provided by the Group; and the Deposit Services provided by Commercial Finance to the Group, as each of the 2023 Property Management and Related Services Master Agreement, the 2023 Design Services Master Agreement and the 2023 Deposit Services Master Agreement has a term of three years and expires on 31 December 2025, in order ensure uninterrupted provision of services for the Group's operations, on 25 September 2025 (after trading hours of the Stock Exchange), (a) the Company and Shandong Commercial enters into the 2025 Property Management and Related Services Master Agreement and the 2025 Design Services Master Agreement respectively; and (b) the Company and Commercial Finance enters into the 2025 Deposit Services Master Agreement.

Pursuant to each of the 2025 SC Master Agreements, the term shall be of three years (commencing on 1 January 2026 and expiring on 31 December 2028), and the annual caps for those categories of services will be renewed accordingly.

LETTER FROM THE BOARD

THE 2025 PROPERTY MANAGEMENT AND RELATED SERVICES MASTER AGREEMENT

The principal terms and conditions of the 2025 Property Management and Related Services Master Agreement are set out as follows:

- Date** : 25 September 2025 (after trading hours of the Stock Exchange)
- Parties** : (1) The Company; and
(2) Shandong Commercial.
- Term** : Subject to compliance with the Listing Rules (and unless terminated in writing by both parties to the 2025 Property Management and Related Services Master Agreement), from 1 January 2026 to 31 December 2028 (both days inclusive). The term may, subject to compliance with relevant laws and regulations and the Listing Rules as well as the agreement of the parties, be extended or renewed.

Subject Matter

Under the 2025 Property Management and Related Services Master Agreement, the Group has agreed to provide the Property Management and Related Services to both Shandong Commercial Associates and Lushang Freda Associates in this regard. Relevant members of both parties will enter into separate agreements setting out the specific terms and conditions based on the principles provided in the 2025 Property Management and Related Services Master Agreement.

The services under the Property Management and Related Services include (without limitation to) (a) the services prior to delivery of property such as property inspection services, cleaning services, and pre-delivery preparations; (b) property management services; and (c) other related services such as catering and beverage services.

Payment arrangement

The payment mechanism for all fees and payments pursuant to the 2025 Property Management and Related Services Master Agreement should be specified in the relevant specific agreement to be entered into by the parties.

The Group will give a credit period ranging from one month to three months for the settlement of the service fees charged with respect to the services rendered under specific agreements executed under the framework of the 2025 Property Management and Related Services Master Agreement. Such credit period is a common industry practice for services provision of the similar nature, and is therefore, on normal commercial terms and no less favourable than that offered by Independent Third Parties.

LETTER FROM THE BOARD

Pricing policy and other terms

With the specific payment mechanism for all fees and payments to be determined in accordance with specific agreements to be entered into, such fees to be charged for the Property Management and Related Services shall be determined on arm's length negotiations with reference to (i) the size, location and positioning of the properties; (ii) the scope of services to be provided; and (iii) the anticipated operational costs (including but not limited to labor costs, administration costs and costs of materials).

The general pricing policy will make reference to:

- (a) the fees for similar services and similar types of projects in the market, and accordingly, the service fees of such services to be provided by the Group will be agreed between the parties by reference to the lower of (i) market price for such services to be provided; and (ii) the prevailing prices of such services supplied by the Group to Independent Third Parties at the relevant time; and
- (b) the service fees of such services to be provided by the Group; and any other terms and conditions on the above, will not be less favourable than those agreed between any members of the Group and Independent Third Parties for such services supplied by the Group. The supply of services by the relevant member of the Group shall be on normal commercial terms. The Company does not differentiate discount policies available to its connected persons and Independent Third Parties.

For the avoidance of doubt, such factors of consideration for the Property Management and Related Services are common for services provision of the similar nature, and is therefore, on normal commercial terms and capable to ensure services provision thereto is no less favourable than that offered by Independent Third Parties.

Owing to the above and as the Group has other customers for comparison purposes, the Company will select at least two comparable transactions that are entered into with Independent Third Parties and of similar subject matter to the relevant Property Management and Related Services when determining the service fee payable by Shandong Commercial Associates and Lushang Freda Associates to the Group, which will in turn be determined through arm's length negotiations between the relevant parties taking into account factors including the prevailing market price of the similar services, and it shall be no less than those charged to an independent third party for similar duration of time for the same or similar services, in the view of the Directors (excluding Mr. Wang Zhongwu but including the independent non-executive Directors) that the pricing terms derived thereunder shall therefore be on normal commercial terms and no less favourable than those offered by Independent Third Parties, being fair, reasonable, and in the best interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

The service fee payable by Shandong Commercial Associates and Lushang Freda Associates to the Group will be determined through arm's length negotiations between the relevant parties taking into account factors including the prevailing market price of the similar services, and it shall be no less than those charged to an independent third party for similar duration of time for the same or similar services. The pricing terms shall therefore be on normal commercial terms and no less favourable than those offered by Independent Third Parties, being in the best interests of the Company and its Shareholders as a whole.

Historical Transaction Amount

Set out below are the historical transaction amounts of the Property Management and Related Services for the year ended 31 December 2024 and the 8-month period ended 31 August 2025:

	For the year ended 31 December 2024 (amounts in RMB' 000)	For the 8-month period ended 31 August 2025 (amounts in RMB' 000)
Lushang Freda Associates	5,481*	5,306
Shandong Commercial Associates	64,925	42,423

**Note:* As disclosed from the announcements of the Company dated 25 April 2025 and 30 May 2025, it was noted that for the year ended 31 December 2024, the actual transaction amount with Lushang Freda Associates with respect to Property Management and Related Services provided was RMB5,481,073.98, which exceeded the annual cap by RMB481,073.98.

LETTER FROM THE BOARD

Annual Caps for the Property Management and Related Services

Set out below are the existing or revised annual caps (as the case may be) under the 2023 Property Management and Related Services Master Agreement (to be revised by the Supplemental PMRS Master Agreement subject to the approval by the Independent Shareholders at the EGM) for the year ended 31 December 2024 and the year ending 31 December 2025 are respectively as follows:

	For the year ended 31 December 2024 (amounts in RMB' 000)	For the year ending 31 December 2025 (revised amounts in RMB' 000)
Lushang Freda Associates	5,000	9,000
Shandong Commercial Associates	75,000	86,000
	80,000	95,000
TOTAL	80,000	95,000

Proposed Annual Caps for the Property Management and Related Services

Set out below are the proposed annual caps for the 2025 Property Management and Related Services Master Agreement for the respective years ending 31 December 2026, 31 December 2027 and 31 December 2028 as follows:

	For the year ending 31 December 2026 (amounts in RMB' 000)	For the year ending 31 December 2027 (amounts in RMB' 000)	For the year ending 31 December 2028 (amounts in RMB' 000)
Lushang Freda Associates	13,000	17,000	22,000
Shandong Commercial Associates	95,000	105,000	120,000
	108,000	122,000	142,000
TOTAL	108,000	122,000	142,000

LETTER FROM THE BOARD

Basis of the Proposed Annual Caps for the Property Management and Related Services

The annual caps proposed above were determined after having taken into account the following factors:

- (1) the historical transaction amount with an expected annual growth rate of approximately 10-15% (based on (i) the aggregate of the historical transaction amount with Lushang Freda Associates in the approximate amount of RMB5.31 million for the 8-month period ended 31 August 2025 and the historical transaction amount with Shandong Commercial Associates in the approximate amount of RMB42.42 million for the 8-month period ended 31 August 2025; and (ii) the trend of growing transaction amount for the Property Management and Related Services as portrayed from such services provided for Shandong Commercial Associates and Lushang Freda Associates, leading to the exceeding of the annual cap for the year ended 31 December 2024 and the need to revise the existing annual cap regarding the Property Management and Related Services for the year ending 31 December 2025 by means of the Supplemental PMRS Master Agreement);
- (2) the estimated revenue of the Property Management and Related Services to be recognized by the Group based on the existing contracts with Lushang Freda Associates and Shandong Commercial Associates in the approximate amount of RMB82.45 million;
- (3) the estimated increment of the GFA for properties under development and contracted sales GFA of Shandong Commercial Associates for each of the three years ending 31 December 2026, 31 December 2027 and 31 December 2028 (with the increment of GFA in the percentage of 3%, 2% and 3% respectively), which is estimated based on the development plan and delivery schedule of Shandong Commercial Associates;
- (4) in respect of the property pre-delivery services, (i) the estimated GFA and number of projects to be sold by Shandong Commercial Associates for each of the three years ending 31 December 2026, 31 December 2027 and 31 December 2028 and the estimated number of the sales offices and display units to be established in the relevant period based on the development plan of Lushang Freda, as well as their historical sales GFA and the related growth rate; (ii) bidding success rate and the estimated capacity of the Group for each of the three years ending 31 December 2026, 31 December 2027 and 31 December 2028; and (iii) the estimated service fee based on the historical service fee and the expected increase in operational costs associated with the provision of property pre-delivery services, including but not limited to labor costs, administration costs and costs of materials;

LETTER FROM THE BOARD

- (5) in respect of the property management services to be provided for the existing unsold residential properties of Shandong Commercial Associates, (i) the estimated GFA of the unsold residential properties developed or to be developed by Shandong Commercial Associates for each of the three years ending 31 December 2026, 31 December 2027 and 31 December 2028 according to development plan and delivery schedule; and (ii) the estimated service fee per square metre which management services will be charged based on the historical service fee and the expected increase in operational costs associated with the provision of such services;
- (6) in respect of the property management services to be provided for the existing commercial properties of Shandong Commercial Associates, the estimated GFA, new services for commercial properties such as escalators' and lifts' maintenance and the increasing number of commercial properties developed or used by Shandong Commercial Associates to be managed by the Group for each of the three years ending 31 December 2026, 31 December 2027 and 31 December 2028 as estimated based on the existing contracts with Lushang Freda Associates and Shandong Commercial Associates;
- (7) in respect of the catering and beverage services to be provided for customers situated in properties which are the subjects of the Property Management and Related Services, taking into account that there is a strong positive correlation between the Company's catering and beverage services business volume and its core business metrics, including sales GFA and growth rate of different types of properties sold, and basing on the current business development trend and such business growing in terms of maturity, it is anticipated that over the next three years, demand for catering and beverage services will closely follow the Company's growth and accordingly achieve steady growth; and
- (8) the increase of the market prices for comparable services in the estimated percentage ranging from 3% to 5% per annum, taking into account the impact of inflation and rising cost.

LETTER FROM THE BOARD

Reasons for and benefits of entering into the 2025 Property Management and Related Services Master Agreement

The Group has been engaged by Lushang Freda Associates and/or Shandong Commercial Associates to provide the Property Management and Related Services since 2006. It is expected that the Group will continue to do so in its ordinary and usual course of business for earning revenue, thus it is in the interests of the Company and the Shareholders as a whole. For the avoidance of doubt, there is no deposit arrangement between the Group and Lushang Freda Associates and/or Shandong Commercial Associates under the 2025 Property Management and Related Services Master Agreement.

In connection with the catering and beverage services under the Property Management and Related Services, it has been growing with more professional information such as food production technique, cost composition and industry trends. With the demand of catering and beverage services pegged to users of properties which are the subjects of the Property Management and Related Services, the provision of end-to-end services including warehousing, allocation, provisioning, recycling, and cleaning by the Group can give full play to its professional advantages and its advantages of procurement scale, increasing economies of scale and reducing procurement costs, and are beneficial for the Company to implement scientific and refined management on the traceability and inventory management of catering, especially those with high value and high turnover, so as to reduce consumption and waste by monitoring the whole process of storage, allocation, preparation, recycling and cleaning. The Group will be directly in charge of budget management, standard formulation, quality supervision and customer satisfaction surveys for the business of catering, which is in turn conducive to the Company's centralised supervision of the source and quality of catering, ensuring compliance with the Company's quality requirements for catering, to continuously optimise customer experience, and will also help the Company quickly responding to market changes and guiding customer demand more efficiently and quickly to improve customer's satisfaction and loyalty.

The Directors (excluding Mr. Wang Zhongwu but including the independent non-executive Directors) are of the view that the terms of the 2025 Property Management and Related Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

THE 2025 DESIGN SERVICES MASTER AGREEMENT

The principal terms and conditions of the 2025 Design Services Master Agreement are set out as follows:

- Date** : 25 September 2025 (after trading hours of the Stock Exchange)
- Parties** : (1) The Company; and
(2) Shandong Commercial.
- Term** : Subject to compliance with the Listing Rules (and unless terminated in writing by both parties to the 2025 Design Services Master Agreement), from 1 January 2026 to 31 December 2028 (both days inclusive). The term may, subject to compliance with relevant laws and regulations and the Listing Rules as well as the agreement of the parties, be extended or renewed.

Subject Matter

Under the 2025 Design Services Master Agreement, the Group has agreed to provide the Design Services to both Shandong Commercial Associates and Lushang Freda Associates in this regard. Relevant members of both parties will enter into separate agreements setting out the specific terms and conditions based on the principles provided in the 2025 Design Services Master Agreement.

The services under the Design Services include (without limitation to) (a) the architectural design services; (b) landscape design services; (c) decoration design services; and (d) decoration management services.

Payment arrangement

The payment mechanism for all fees and payments pursuant to the 2025 Design Services Master Agreement should be specified in the relevant specific agreement to be entered into by the parties.

The Group will give a credit period ranging from one month to three months for the settlement of the service fees charged with respect to the services rendered under specific agreements executed under the framework of the 2025 Design Services Master Agreement. Such credit period is a common industry practice for services provision of the similar nature, and is therefore, on normal commercial terms and no less favourable than that offered by Independent Third Parties.

LETTER FROM THE BOARD

Pricing policy and other terms

With the specific payment mechanism for all fees and payments to be determined in accordance with specific agreements to be entered into, such fees to be charged for the Design Services shall be determined on arm's length negotiations with reference to (i) the nature, complexity and scope of services; and (ii) the anticipated operational costs, including but not limited to labor costs, administration costs and costs of materials used for providing the services.

The general pricing policy will make reference to:

- (a) the fees for similar services and similar types of projects in the market, and accordingly, the service fees of such services to be provided by the Group will be agreed between the parties by reference to the lower of (i) market price for such services to be provided; and (ii) the prevailing prices of such services supplied by the Group to Independent Third Parties at the relevant time; and
- (b) the service fees of such services to be provided by the Group; and any other terms and conditions on the above, will not be less favourable than those agreed between any members of the Group and Independent Third Parties for such services supplied by the Group. The supply of services by the relevant member of the Group shall be on normal commercial terms. The Company does not differentiate discount policies available to its connected persons and Independent Third Parties.

For the avoidance of doubt, such factors of consideration for the Design Services are common for services provision of the similar nature, and is therefore, on normal commercial terms and capable to ensure services provision thereto is no less favourable than that offered by Independent Third Parties.

Owing to the above and as the Group has other customers for comparison purposes, the Company will select at least two comparable transactions that are entered into with Independent Third Parties and of similar subject matter to the relevant Design Services when determining the service fee payable by Shandong Commercial Associates and Lushang Freda Associates to the Group, which will in turn be determined through arm's length negotiations between the relevant parties taking into account factors including the prevailing market price of the similar services, and it shall be no less than those charged to an independent third party for similar duration of time for the same or similar services, the Directors (excluding Mr. Wang Zhongwu but including the independent non-executive Directors) are of the view that the pricing terms derived thereunder shall therefore be on normal commercial terms and no less favourable than those offered by Independent Third Parties, being fair, reasonable, and in the best interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

Historical Transaction Amount

Set out below are the historical transaction amounts of the Design Services for the year ended 31 December 2024 and the 8-month period ended 31 August 2025:

	For the year ended 31 December 2024 (amounts in RMB' 000)	For the 8-month period ended 31 August 2025 (amounts in RMB' 000)
Lushang Freda Associates	172	0
Shandong Commercial Associates	27,320	11,032

Existing Annual Caps for the Design Services

Set out below are the existing annual caps under the 2023 Design Services Master Agreement for the year ended 31 December 2024 and the year ending 31 December 2025 are respectively as follows:

	For the year ended 31 December 2024 (amounts in RMB' 000)	For the year ending 31 December 2025 (amounts in RMB' 000)
Lushang Freda Associates	4,000	5,000
Shandong Commercial Associates	42,000	48,000
TOTAL	46,000	53,000

LETTER FROM THE BOARD

Proposed Annual Caps for the Design Services

Set out below are the proposed annual caps for the 2025 Design Services Master Agreement for the respective years ending 31 December 2026, 31 December 2027 and 31 December 2028 as follows:

	For the year ending 31 December 2026 (amounts in RMB' 000)	For the year ending 31 December 2027 (amounts in RMB' 000)	For the year ending 31 December 2028 (amounts in RMB' 000)
Lushang Freda Associates	3,000	3,000	3,000
Shandong Commercial Associates	17,000	17,000	17,000
TOTAL	20,000	20,000	20,000

Basis of the Proposed Annual Caps for the Design Services

The annual caps proposed above were determined after having taken into account the following factors:

- (a) the historical transaction amount based on (i) the non-existence of any historical transaction amount with Lushang Freda Associates for the 8-month period ended 31 August 2025 and the historical transaction amount with Shandong Commercial Associates in the approximate amount of RMB11 million for the 8-month period ended 31 August 2025; and (ii) the transaction amount for the Design Services as portrayed from such services provided for Shandong Commercial Associates and Lushang Freda Associates are unlikely to exceed a lower annual cap as proposed above in light of lower demand for the demand of the Design Services anticipated for each of the three years ending 31 December 2026, 31 December 2027 and 31 December 2028;
- (b) the estimated revenue of the Design Services to be recognized by the Group based on the existing contracts with Lushang Freda Associates and Shandong Commercial Associates;
- (c) the estimated service fee to be charged for the Design Services, which is based on the historical service fee charged and the expected increase in operational costs associated with the Design Services, including but not limited to labor costs, administration costs and costs of materials used for providing the services; and

LETTER FROM THE BOARD

- (d) the estimated number of projects to be developed or owned by Lushang Freda Associates and Shandong Commercial Associates for which the Group anticipates itself to be engaged to provide the Design Services for each of the three years ending 31 December 2026, 31 December 2027 and 31 December 2028.

Reasons for and benefits of entering into the 2025 Design Services Master Agreement

The Group has been engaged by Shandong Commercial Associates and Lushang Freda Associates to provide the Design Services since 2021. It is expected that the Group will continue to do so in its ordinary and usual course of business for earning revenue, thus it is in the interests of the Company and the Shareholders as a whole to continue the provision of service and renewing the corresponding annual caps at a lower level for the next three years in view of the historical transaction amounts of the Design Services indicated above. For the avoidance of doubt, there is no deposit arrangement between the Group and Lushang Freda Associates and/or Shandong Commercial Associates under the 2025 Design Services Master Agreement.

The Directors (excluding Mr. Wang Zhongwu but including the independent non-executive Directors) are of the view that the terms of the 2025 Design Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

THE 2025 DEPOSIT SERVICES MASTER AGREEMENT

The principal terms and conditions of the 2025 Deposit Services Master Agreement are set out as follows:

- Date** : 25 September 2025 (after trading hours of the Stock Exchange)
- Parties** : (1) The Company; and
(2) Commercial Finance.
- Term** : Subject to compliance with the Listing Rules (and unless terminated in writing by both parties to the 2025 Deposit Services Master Agreement), from 1 January 2026 to 31 December 2028 (both days inclusive). The term may, subject to compliance with relevant laws and regulations and the Listing Rules as well as the agreement of the parties, be extended or renewed.

LETTER FROM THE BOARD

Subject Matter

Under the 2025 Deposit Services Master Agreement, the Group has agreed to use the Deposit Services. Pursuant to the 2025 Deposit Services Master Agreement, the Group may deposit its funds in Commercial Finance from time to time.

Based on information available and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Commercial Finance is a non-bank financial institution established in May 1996 with a credit rating of 2A provided by CBIRC. As at the Latest Practicable Date, based on public record, the Finance Permit Licence (金融許可證) held by Commercial Finance remains valid and has not been withdrawn or revoked.

The relevant parties shall enter into individual deposit services agreements, terms of which shall be consistent with the principal terms of the 2025 Deposit Services Master Agreement in all material aspects.

Interest Rates for Deposit Services, its Determination and other terms

The pricing and terms of the Deposit Services shall be determined on arm's length basis in accordance with the following policy:

- (a) the interest rate in respect of the deposits placed by the Group with Commercial Finance will be equal to or higher than the interest rate offered by independent banks or other financial institutions in China for comparable deposits of the same type and term; and
- (b) the commercial terms provided by Commercial Finance in respect of the Deposit Services will be equal to or more favourable compared to those offered to the Group by Independent Third Parties.

Moreover, the interest rates for the Deposit Services are determined with reference to the deposit interest rates published by the People's Bank of China from time to time (being the basic rate), and the interest rates for current deposit, time deposit and other forms of deposit are adjusted from the basic rate by an addition of 15 basis point to 70 basis point. The value of the basis point to be added is dependent on the type of deposit and the resultant interest rate offered by Commercial Finance shall not be lower than that offered by the major commercial banks in the PRC. The management of the Company will make reference to the interests offered by, inter alia, the Industrial and Commercial Bank of China Limited, the Agricultural Bank of China Limited and the Bank of China Limited. The deposit interest rates offered by Commercial Finance to the Group shall be benchmarked against the deposit interest rates promulgated by the People's Bank of China, which shall not be lower than those offered by the People's Bank of China. The management of the Company compares the deposit interest rates on a quarterly basis, and as frequent as required when new state policies are promulgated or when market turbulence occurs, which may have a significant impact on the Deposit Services.

LETTER FROM THE BOARD

For the avoidance of doubt, the Group shall not be obliged to utilise the Deposit Services provided by Commercial Finance, as the Group may choose at its discretion and utilise the Deposit Services with reference to its operational and business need, the fees charged by and quality of such relevant services, and therefore shall not be limited by the 2025 Deposit Services Master Agreement from engaging other commercial banks or financial institutions for deposit services (should such terms of services become more favorable than that provided by Commercial Finance).

In light of the above, with all relevant payments pursuant to the 2025 Deposit Services Master Agreement to be specified in the relevant specific agreement to be entered into by the parties, the Directors (excluding Mr. Wang Zhongwu but including the independent non-executive Directors) are of the view that that the pricing terms regarding Deposit Services shall therefore be on normal commercial terms and no less favourable than those offered by Independent Third Parties, being fair, reasonable, and in the best interests of the Company and its Shareholders as a whole.

Historical Transaction Amount

Set out below are the historical transaction amounts of the Deposit Services for the year ended 31 December 2024 and the 8-month period ended 31 August 2025:

	For the year ended 31 December 2024 (amounts in RMB' 000)	For the 8-month period ended 31 August 2025 (amounts in RMB' 000)
Maximum daily deposit balance	307,381	310,631
Maximum interest income	4,555	2,409

Existing Annual Caps for the Deposit Services

Set out below are the existing annual caps under the 2023 Deposit Services Master Agreement for the year ended 31 December 2024 and the year ending 31 December 2025 are respectively as follows:

	For the year ended 31 December 2024 (amounts in RMB' 000)	For the year ending 31 December 2025 (amounts in RMB' 000)
Maximum daily deposit balance	350,000	350,000
Maximum interest income	7,040	7,040

LETTER FROM THE BOARD

Proposed Annual Caps for the Deposit Services

Set out below are the proposed annual caps for the 2025 Deposit Services Master Agreement for the respective years ending 31 December 2026, 31 December 2027 and 31 December 2028 as follows:

	For the year ending 31 December 2026 (amounts in RMB' 000)	For the year ending 31 December 2027 (amounts in RMB' 000)	For the year ending 31 December 2028 (amounts in RMB' 000)
Maximum daily deposit balance	350,000	380,000	400,000
Maximum interest income	6,275	6,755	7,075

Basis of the Proposed Annual Caps for the Deposit Services

The annual caps proposed above were determined after having taken into account the following factors:

For amount of deposit

- (a) the historical maximum daily deposit balances under the 2023 Deposit Services Master Agreement;
- (b) the recorded cash and cash equivalent amounted to approximately RMB425.2 million as at 31 December 2024, representing an increase of 3.2% as compared with approximately RMB412.1 million as of 31 December 2023; and
- (c) as at 31 August 2025, the deposit balance with Commercial Finance was in the amount of approximately RMB241.4 million, and moreover, approximately RMB2.4 million had been paid as interests.

On interest amount

- (a) Approximately 30% of the total deposits by the Company with Commercial Finance was being kept in current account. Such percentage is derived from the average percentage of the total deposit by the Company with Commercial Finance being kept in current account as at 31 December 2024 and 31 August 2025;

LETTER FROM THE BOARD

- (b) Approximately 70% of the total deposits by the Company with Commercial Finance being kept as fixed deposit. Such percentage is derived from the average percentage of the total deposit by the Company with Commercial Finance being kept as fixed deposit as at 31 December 2024 and 31 August 2025; and
- (c) the existing maximum interest rate to be offered by Commercial Finance of approximately 5% per annum for five-year fixed deposits, approximately 2% per annum for one-year fixed deposits, approximately 1.8% per annum for six-month fixed deposits, and approximately 0.3% per annum for current account deposits (or 1.15% per annum with an amount of no less than RMB500,000 being placed for current account deposits), which shall be subject to the relevant guiding opinions published by the People's Bank of China from time to time.

Reasons for and benefits of entering into the 2025 Deposit Services Master Agreement

The Group has engaged Commercial Finance to provide Deposit Services since 2019. It is expected that the Group will continue to do so in its ordinary and usual course of business upon expiry of the 2023 Deposit Services Master Agreement. The Company consider that using the Deposit Services provided by Commercial Finance to be beneficial as it could allow the Group to (but is not obliged to) use the deposit services provided by Commercial Finance in order to deploy and manage the Group's financial resources in a more flexible and efficient manner, with the Group allowed to make choices at its discretion based on its business needs and the costs and quality of relevant services.

Prior to entering into the 2025 Deposit Services Master Agreement, the management of the Group has conducted due diligence and assessment on the financial capability of Commercial Finance by reviewing the audited financial statements of Commercial Finance. According to the audited financial statements of Commercial Finance provided to the Company:

- (1) As at 31 December 2024, Commercial Finance had total assets of approximately RMB9,150.11 million, registered capital of RMB2,000 million and a capital adequacy ratio of 25.87%; and
- (2) As at 30 June 2025, Commercial Finance had total assets of approximately RMB8,435.93 million, registered capital of RMB2,000 million and a capital adequacy ratio of 26.61%.

During the year ended 31 December 2024, the Group's deposits in Commercial Finance only accounted for a very small scale of the total deposits placed in it and hence, the Group is not its major customer. In addition, the proposed annual cap for the maximum daily deposit balance of RMB350 million (as proposed as the annual cap for the year ending 31 December 2026) only accounts for approximately 14.26% of the net asset value of Commercial Finance of approximately RMB2,454.72 million as at 31 December 2024.

LETTER FROM THE BOARD

The Directors have also reviewed the information published by Commercial Finance and did not note any material adverse matters in relation to Commercial Finance which would materially impair its financial capability as at the Latest Practicable Date. The finance department of the Company will continue to monitor and prudently manage its operating cash inflows and outflows as well as its overall working capital requirements, and report to the senior management of the Company on a regular basis. Based on the above, the Directors are of the view that Commercial Finance has a sound credit worthiness and financial capacity as at the Latest Practicable Date.

The Directors (excluding Mr. Wang Zhongwu but including the independent non-executive Directors) are of the view that the terms of the 2025 Deposit Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

The pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the relevant personnel and management of the Group in charge to ensure the relevant continuing connected transaction is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the Shareholders as a whole.

The relevant personnel and management of the Group will review and assess the terms before entering into each individual agreement to ensure they are consistent with the principles and provisions set out in each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements.

In order to ensure the price terms are in accordance with each of the Supplemental PMRS Master Agreement, the 2025 SC Master Agreements (save and except the 2025 Deposit Services Master Agreement) and with reference to prevailing market prices of similar services, before entering into any individual agreement, the business development department will refer to the following information:

- A. at least three other contemporaneous transactions of the Group of similar services (in terms of nature, size and location of the properties, the scope of services and the anticipated operational costs) provided to Independent Third Parties;
- B. prices charged by at least three other property management companies in the PRC (if available) of comparable transactions with Independent Third Parties collected through, among others, information exchange within the industry and publicly available tender information.

LETTER FROM THE BOARD

After collecting the relevant information, the business development department of the Group would determine a price to be offered to Lushang Freda Associates or Shandong Commercial Associates (as the case may be) for the provision of the Group's services, which will not be less than the prices offered by the Group to Independent Third Parties for transactions contemplated under the Supplemental PMRS Master Agreement, the 2025 Property Management and Related Services Master Agreement and the 2025 Design Services Master Agreement.

In respect of the Deposit Services, owing to the difference in terms of transactional nature pursuant to the 2025 Deposit Services Master Agreement, the Company has adopted internal policies and measures in relation to cash management. In particular:

- A. the Company has adopted a treasury management policy for managing its cashflow and utilizing surplus cash reserves;
- B. before placing any new deposit with Commercial Finance, the finance department of the Group will obtain interest rates quoted by People's Bank of China and two major domestic commercial banks in the PRC. Such information together with the quote by Commercial Finance will be submitted to the chief financial officer of the Company for approval to ensure terms offered by Commercial Finance shall not be less favourable to the Group than terms offered by commercial banks who are Independent Third Parties;
- C. the finance department will be responsible for closely monitoring the ongoing and continuing cash deposits at Commercial Finance and the interest income to ensure the annual caps will not be exceeded;
- D. the internal audit department of the Group will conduct regular checks to review and assess whether the deposit services have been provided in accordance with the terms of the relevant agreements and on normal commercial terms;
- E. the implementation and enforcement of such transactions with Commercial Finance would be independently scrutinized by the independent non-executive Directors so that appropriate measures can be taken by the Company to adjust the level of deposits with Commercial Finance on a timely basis; and
- F. the auditors of the Company will also conduct an annual review on the pricing terms and annual caps of the relevant continuing connected transactions.

Without prejudice to the above transaction-specific measures, in respect of all of its continuing connected transactions, the Company has also established monitoring procedures in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. Regular checks will be conducted on a quarterly basis to review and assess whether the transactions respectively contemplated under each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements are conducted in accordance with the terms of its respective agreement and the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy.

LETTER FROM THE BOARD

Further, the finance department of the Group will monitor the actual transaction amounts and monthly report will be made by the management team in relation to the aggregate transaction amounts and utilization rates of the annual caps to ensure that the annual caps under each of the Supplemental PMRS Master Agreement, the 2025 SC Master Agreements will not be exceeded. In addition, where a threshold of 80% of the utilization rate is met, the finance department will alert the management team to consider revising the annual caps in accordance with the relevant requirements of the Listing Rules.

The independent non-executive Directors will conduct annual review on the transactions respectively contemplated under each of the Supplemental PMRS Master Agreement, and the 2025 SC Master Agreements, and accordingly confirm in the Company's annual report that those transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms and in any event, no less favourable than such terms offered to the Group by Independent Third Parties; and (iii) in accordance with the aforementioned agreements that those terms are fair, reasonable, and in the interests of the Company and the Shareholders as a whole. Last but not least, the auditors of the Company will also conduct an annual review on the pricing terms and proposed annual caps of the relevant continuing connected transactions thereof.

INFORMATION OF THE COMPANY AND THE GROUP

The Company is an investment holding, joint stock limited company incorporated in the PRC with limited liability, whose H Shares are listed on the main board of the Stock Exchange.

The Group is principally engaged in the provision of (i) a wide range of property management services for property developers, property owners, residents and tenants; (ii) wide spectrum of value-added services to non-property owners covering various stages of the property development and delivery process; and (iii) community value-added services with the aim to improve property owners' quality of life.

INFORMATION OF OTHER PARTIES

Shandong Commercial, a controlling Shareholder which indirectly holds 100,000,000 Domestic Shares, representing approximately 75.00% of the Company's entire issued share capital. It is also a large-scale holding company with a wider range of investments in retail business, property development, biopharmaceuticals, drug research and development, medical facilities design and education, among other sectors, 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).

Based on information available and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Commercial Finance, a wholly-owned subsidiary of Shandong Commercial, is a non-bank financial institution established in May 1996 with a credit rating of 2A provided by CBIRC. As at the Latest Practicable Date, based on public record, the Finance Permit Licence (金融許可證) held by Commercial Finance remains valid and has not been withdrawn or revoked. It is principally engaged in handling financial affairs, credit authentication and related consulting and financing advisory matters for member units, absorbing deposits from member units, etc.

LETTER FROM THE BOARD

Lushang Freda is a joint stock company established in the PRC with limited liability on April 21, 1993, whose shares are listed on the Shanghai Stock Exchange (stock code: 600223). Lushang Freda is principally engaged in the research and development, production and sales of pharmaceutical products, health food, cosmetics, medical devices and raw materials, and is owned as to approximately 51.62% by Shandong Commercial and 1.69% by Lushang Group Co., Ltd., a company owned as to approximately 68.15% by Shandong Commercial. Shandong Commercial is directly and indirectly owned as to 90% by Shandong SASAC.

Conclusion

Taking into account of all factors elaborated above, the Directors (including members of the Independent Board Committee whose views have been set out in the section headed “**Letter from the Independent Board Committee**” of this circular after taking into consideration of the advice from Independent Financial Adviser consider that each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements and the transactions respectively contemplated thereunder (including the proposed annual caps therefor) are fair and reasonable and are entered into on normal commercial terms, and on terms no less favourable than those available from Independent Third Parties under the prevailing local market conditions, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.)

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Shandong Commercial is the controlling Shareholder of the Company. Shandong Commercial, together with its associates, hold 100,000,000 Domestic Shares, which represent approximately 75.00% of the Company’s entire issued share capital. Therefore, as a connected person of the Company pursuant to Chapter 14A of the Listing Rules, and as the counterparty for each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements is either Shandong Commercial or a wholly-owned subsidiary of Shandong Commercial the transactions respectively contemplated under each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements will constitute continuing connected transactions of the Company.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the announcement and shareholders’ approval requirements.

One or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the proposed revised annual cap under the Supplemental PMRS Master Agreement exceeds 25%, the Supplemental PMRS Master Agreement and the transactions respectively contemplated thereunder (including the proposed revised annual caps therefor) will be subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

On a standalone basis:

- (1) One or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the proposed annual cap under the 2025 Property Management and Related Services Master Agreement exceeds 25%, the 2025 Property Management and Related Services Master Agreement and the transactions respectively contemplated thereunder (including the proposed annual caps therefor) will be subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules; and
- (2) One or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the proposed annual cap under the 2025 Design Services Master Agreement are more than 5%, the 2025 Design Services Master Agreement and the transactions respectively contemplated thereunder (including the proposed annual caps therefor) will be subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

For both transactions were all entered into (i) on the same date and with the same service period; (ii) between the Company with Shandong Commercial; and (iii) the transactions are similar in nature with the Company providing services and charging service fees, the transactions under the two agreements shall be aggregated and treated as if they were one transaction pursuant to Rules 14A.81 and 14A.82(1) of the Listing Rules.

Accordingly, the annual caps in respect of transactions under the 2025 Property Management and Related Services Master Agreement and the 2025 Design Services Master Agreement are aggregated, and such aggregated amounts are used when calculating the relevant percentage ratios under the Listing Rules. Accordingly, as the one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the aggregated annual cap under the 2025 Property Management and Related Services Master Agreement and the 2025 Design Services Master Agreement exceeds 25%, the 2025 Property Management and Related Services Master Agreement, the 2025 Design Services Master Agreement and the transactions respectively contemplated thereunder (including the proposed annual caps therefor) will be 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 the one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the proposed annual cap under the 2025 Deposit Services Master Agreement exceeds 25%, the 2025 Deposit Services Master Agreement and the transactions contemplated thereunder (including the proposed revised annual caps therefor) will be subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors (i.e. Ms. Leung Bik San, Ms. Chen Xiaojing and Mr. Ma Tao) has been established to consider, and make recommendations to the Independent Shareholders regarding, amongst other things, whether each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements and the transactions respectively contemplated thereunder (including the proposed annual caps therefor) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under any of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements (including the proposed annual caps therefor).

INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 13.39(6) of the Listing Rules, Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements and the transactions respectively contemplated thereunder (including the proposed annual caps therefor) are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on whether to vote in favour of the resolutions to be proposed for approving the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements and the transactions respectively contemplated thereunder (including the proposed annual caps therefor) at the EGM.

DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, save and except for Mr. Wang Zhongwu (who abstained from voting as good corporate practice as a non-executive Director and a director of SCRED Ltd., which in turn may be the executing party of such relevant specific agreement(s) to be entered into for the services contemplated), none of the Directors has any material interest in the transaction contemplated under each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements (including the proposed annual caps therefor) or is required to abstain from voting on the Board resolutions for considering and approving any of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements and the transactions respectively contemplated thereunder (including the proposed annual caps therefor).

NOTICE OF THE EGM

The Company will convene the EGM at 38th Floor, Block 5, Lushang Guo'ao City, No. 9777 Jingshi Road, Lixia District, Jinan, Shandong, the PRC on Thursday, 30 October 2025 at 10:00 a.m. to consider and, if thought fit, approve, among other things, each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements and the transactions respectively contemplated thereunder (including the proposed annual caps therefor).

LETTER FROM THE BOARD

A notice convening the EGM is set out on pages EGM-1 to EGM-5 of this circular.

Any Shareholders or their respective associates with a material interest in any of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements and the transactions respectively contemplated thereunder (including the proposed annual caps therefor) shall abstain from voting at the EGM.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as disclosed above, save and except for Shandong Commercial and its associates, no Shareholder has a material interest in any of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements and the transactions respectively contemplated thereunder (including the proposed annual caps therefor) and accordingly, no Shareholder and his/her/its associates (other than Shandong Commercial and its associates) are therefore required to abstain from voting on the relevant resolution(s) to approve, amongst other things, any of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements and the transactions respectively contemplated thereunder (including the proposed annual caps therefor) to be proposed at the EGM.

Voting by poll at the EGM

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the chairman of the EGM will demand a poll for each and every resolution put forward at the EGM. The Company will appoint scrutineers to handle vote-taking procedures at the EGM. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Proxy Form

A form of proxy for the EGM is enclosed. Whether or not you intend to attend the EGM (or any adjournment thereof), you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's H share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for H shareholders), or to the registered office of the Company at Room 202, Block 2 Lushang Guo'ao City No.9777 Jingshi Road Lixia District, Jinan, Shandong, the PRC (for domestic shareholders) as soon as possible and in any event not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event the form of proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS OF H SHARES

The register of members of H Shares of the Company will be closed from Friday, 24 October 2025 to Thursday, 30 October 2025 (both days inclusive) for determining the eligibility of the Shareholders to attend and vote at the EGM, during such period, no transfer of H Shares will be registered.

In order to determine the identity of Shareholders who are entitled to attend and vote at the EGM, all H Share transfer documents together with the relevant share certificates must be lodged with the Company's H share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for H shareholders), not later than 4:30 p.m. on Thursday, 23 October 2025.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee as set out on pages IBC-1 to IBC-2 of this circular which contains its recommendations to the Independent Shareholders on each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements and the transactions respectively contemplated thereunder (including the proposed annual caps therefor). Your attention is also drawn to the letter of advice received from Rainbow Capital (HK) Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as set out on pages IFA-1 to IFA-20 of this circular which contains, among others, its advice to the Independent Board Committee and the Independent Shareholders in relation to each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements and the transactions respectively contemplated thereunder (including the proposed annual caps therefor), the casting of votes for or against the resolution(s) approving the above, as well as the principal factors and reasons considered by it in concluding its advice.

The Directors (including members of the Independent Board Committee whose views have been set out in the section headed "Letter from the Independent Board Committee" of this circular after taking into consideration of the advice from Independent Financial Adviser) are of the view that each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements and the transactions respectively contemplated thereunder (including the proposed annual caps therefor) are on normal commercial terms, fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and they recommend the Independent Shareholders to vote in favour of the resolution(s) at the EGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and additional information set out in the appendix to this circular.

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



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)

10 October 2025

To the Independent Shareholders

Dear Sir or Madam,

**(I) CONTINUING CONNECTED TRANSACTIONS –
REVISION OF ANNUAL CAPS OF THE PROPERTY MANAGEMENT
AND RELATED SERVICES
(II) CONTINUING CONNECTED TRANSACTIONS –
RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH
SHANDONG COMMERCIAL
AND
(III) MAJOR TRANSACTION AND CONTINUING CONNECTED
TRANSACTIONS – RENEWAL OF CONTINUING CONNECTED
TRANSACTIONS WITH COMMERCIAL FINANCE**

We refer to the circular dated 10 October 2025 issued by the Company (the “Circular”), of which this letter forms part. Terms used in this letter shall bear the same meanings as given to them in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to consider each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements and the transactions respectively contemplated thereunder (including the proposed annual caps therefor) and to advise the Independent Shareholders as to the fairness and reasonableness of the aforesaid matters, and to recommend how the Independent Shareholders should vote at the EGM. Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 6 to 35 of the Circular, and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements and the transactions respectively contemplated thereunder (including the proposed annual caps therefor), as set out on pages IFA-1 to IFA-20 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account of the advice of the Independent Financial Adviser, we consider that each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements and the transactions respectively contemplated thereunder (including the proposed annual caps therefor) were entered into on normal commercial terms in the ordinary and usual course of business of the Group, and that the transactions contemplated under the above agreements are entered in the interests of the Company and the Shareholders as a whole. We also consider that the terms of the above agreements (including the proposed annual caps therefor) are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements, their respectively proposed annual caps and the transactions contemplated thereunder.

Yours faithfully,
the Independent Board Committee of
Lushang Life Services Co., Ltd.

Ms. LEUNG Bik San
*Independent non-executive
Director*

Ms. CHEN Xiaojing
*Independent non-executive
Director*

Mr. MA Tao
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Rainbow Capital to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements and the transactions respectively contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.

Rainbow Capital (HK) Limited

10 October 2025

To the Independent Board Committee and the Independent Shareholders

Lushang Life Services Co., Ltd.
Room 202, Block 2, Lushang Guo'ao City
No. 9777 Jingshi Road
Lixia District, Jinan
Shandong, the PRC

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS –
REVISION OF ANNUAL CAPS OF
THE PROPERTY MANAGEMENT AND RELATED SERVICES;
(2) CONTINUING CONNECTED TRANSACTIONS –
RENEWAL OF CONTINUING CONNECTED
TRANSACTIONS WITH SHANDONG COMMERCIAL; AND
(3) MAJOR TRANSACTION AND CONTINUING CONNECTED
TRANSACTIONS – RENEWAL OF CONTINUING CONNECTED
TRANSACTIONS WITH COMMERCIAL FINANCE**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements and the transactions respectively contemplated thereunder, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company dated 10 October 2025 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

As it is expected that the aggregate transaction amount under the 2023 Property Management and Related Services Master Agreement for the year ending 31 December 2025 will exceed the existing annual cap, the Supplemental PMRS Master Agreement has been entered into between the Company and Shandong Commercial on 25 September 2025 (after trading hours of the Stock Exchange), to revise the existing annual cap for the year ending 31 December 2025 under the 2023 Property Management and Related Services Master Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As each of the 2023 Property Management and Related Services Master Agreement, the 2023 Design Services Master Agreement and the 2023 Deposit Services Master Agreement has a term of three years and expires on 31 December 2025, in order ensure uninterrupted provision of services for the Group's operations, on 25 September 2025 (after trading hours of the Stock Exchange), (i) the Company and Shandong Commercial enter into the 2025 Property Management and Related Services Master Agreement and the 2025 Design Services Master Agreement; and (b) the Company and Commercial Finance enter into the 2025 Deposit Services Master Agreement.

As at the Latest Practicable Date, Shandong Commercial is the controlling Shareholder of the Company. Shandong Commercial, together with its associates, hold 100,000,000 Domestic Shares, which represent approximately 75.00% of the Company's entire issued share capital. Therefore, as a connected person of the Company pursuant to Chapter 14A of the Listing Rules, and as the counterparty for each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements is either Shandong Commercial or a wholly-owned subsidiary of Shandong Commercial, the transactions respectively contemplated under each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements will constitute continuing connected transactions of the Company.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Leung Bik San, Ms. Chen Xiaojing and Mr. Ma Tao, has been established to advise the Independent Shareholders on each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements and the transactions respectively contemplated thereunder. We, Rainbow Capital, has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group or Shandong Commercial that could reasonably be regarded as relevant to our independence. There was no engagement or connection between the Group or Shandong Commercial and us in the last two years. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Group or Shandong Commercial. Accordingly, we are independent from the Company pursuant to the requirements under Rule 13.84 and therefore are qualified to give independent advice.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, Shandong Commercial or their respective substantial shareholders, subsidiaries or associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the terms of each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements, we have taken into account the principal factors and reasons set out below:

1. Information of the parties

(i) Information of the Group

The Group has been principally engaged in the provision of (i) a wide range of property management services for property developers, property owners, residents and tenants; (ii) wide spectrum of value-added services to non-property owners covering various stages of the property development and delivery process; and (iii) community value-added services with the aim to improve property owners' and residents' quality of life.

Financial performance

Set out below is a summary of the consolidated financial information of the Group for (i) the two years ended 31 December 2024 (“FY2023” and “FY2024”, respectively) as extracted from the annual report of the Company for FY2024 (the “2024 Annual Report”); and (ii) the six months ended 30 June 2024 and 2025 (“6M2024” and “6M2025”, respectively) as extracted from the interim report of the Company for 6M2025 (the “2025 Interim Report”):

	6M2025 RMB'000 (unaudited)	6M2024 RMB'000 (unaudited)	FY2024 RMB'000 (audited)	FY2023 RMB'000 (audited)
Revenue	293,850	308,549	608,919	956,604
– Property management services	182,327	165,519	333,688	317,290
– Value-added services to non-property owners	47,130	75,738	129,795	167,941
– Community value-added services	64,393	67,292	145,435	135,790
– Real estate	–	–	–	310,932
– Leasing	–	–	–	24,650
Operating costs	(231,792)	(248,094)	(492,981)	(826,343)
Gross profit	62,058	60,455	115,938	130,260
Profit before tax	21,266	28,897	59,103	56,705
Profit attributable to owners of the parent company	16,034	21,667	45,091	45,078

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

6M2025 vs 6M2024

The Group's revenue decreased by approximately 4.8% from approximately RMB308.5 million for 6M2024 to approximately RMB293.9 million for 6M2025, which was mainly due to the decrease in revenue generated from value-added services to non-property owners. The Group's revenue generated from value-added services to non-property owners decreased by 37.8% from RMB75.7 million for 6M2024 to RMB47.1 million for 6M2025, which was mainly due to (i) the decrease in the number of projects delivered by property developers in 6M2025 as a result of the sluggish real estate market, which led to the decrease in the Group's revenue from pre-delivery services; and (ii) the decrease in the revenue from landscaping services resulting from the disposal of Shandong Urban and Rural Development Group Furbishing Co., Ltd.* (山東省城鄉發展集團裝飾有限公司), which was completed in May 2024.

The Group's gross profit increased by approximately 2.7% from approximately RMB60.5 million for 6M2024 to approximately RMB62.1 million for 6M2025, as the Group's gross profit margin increased from approximately 19.6% for 6M2024 to approximately 21.1% for 6M2025.

The Group's net profit attributable to the Shareholders decreased by approximately 26.0% from RMB21.7 million for 6M2024 to RMB16.0 million for 6M2025, which was mainly due to the increase in credit impairment losses from RMB7.2 million for 6M2024 to RMB13.6 million for 6M2025.

FY2024 vs FY2023

The Group's revenue decreased by approximately 36.3% from approximately RMB956.6 million for FY2023 to approximately RMB608.9 million for FY2024. The Group's gross profit decreased by approximately 11.1% from approximately RMB130.3 million for FY2023 to approximately RMB115.9 million for FY2024. The Group's net profit attributable was approximately RMB45.1 million for FY2024, representing a decrease of approximately 1.7% from approximately RMB45.9 million for FY2023. Such decreases were mainly due to that the Group ceased engaging in real estate and leasing businesses in FY2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial position

Set out below is a summary of the consolidated statements of financial position of the Group as at 31 December 2023 and 2024 and 30 June 2025 as extracted from the 2024 Annual Report and the 2025 Interim Report:

	As at 30 June 2025	As at 31 December 2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)	(audited) (Restated)
Non-current assets	105,158	103,797	102,569
Investment properties	38,850	39,775	39,505
Right-of-use assets	586	977	1,758
Intangible assets	1,063	656	1,084
Deferred tax assets	10,022	7,576	6,612
Fixed assets	49,026	48,738	50,711
Long-term deferred expenses	5,611	6,075	2,899
Current assets	801,752	825,295	803,113
Monetary funds	397,758	426,558	412,657
Bills receivable	34,657	46,442	17,918
Accounts receivable	295,358	276,365	295,434
Accounts receivable financing	113	–	200
Prepayments and Other receivables	6,950	6,458	9,512
Inventories	7,726	7,113	3,424
Contract assets	58,274	61,756	61,128
Other current assets	916	603	2,840
Total assets	906,911	929,092	905,682

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)	2023 RMB'000 (audited) (Restated)
Current liabilities	336,493	360,263	375,358
Short-term borrowings	8,006	8,008	–
Accounts payable	152,433	165,828	201,697
Advances	389	316	337
Contract liabilities	67,473	80,569	71,801
Employee benefits payable	11,766	18,793	25,395
Taxes payable	7,258	5,771	2,959
Other payables	76,160	59,668	60,214
Non-current liabilities due within one year	2,648	2,625	952
Other current liabilities	10,360	18,685	12,003
Non-current liabilities	–	–	1,741
Lease liabilities	–	–	1,741
Total liabilities	<u>336,493</u>	<u>360,263</u>	<u>377,099</u>
Net assets	570,418	568,829	528,583
Equity attributable to Shareholders	566,481	564,847	524,634
Current ratio (Note)	2.4	2.3	2.1

Note: Being current assets divided by current liabilities.

As at 30 June 2025, total assets of the Group were approximately RMB906.9 million, mainly consisted of (a) monetary funds of approximately RMB397.8 million; (b) accounts receivable of approximately RMB295.4 million; (c) contract assets of approximately RMB58.3 million; (d) fixed assets of approximately RMB49.0 million; and (e) investment properties of approximately RMB38.9 million.

As at 30 June 2025, the total liabilities of the Group were approximately RMB336.5 million, mainly consisted of (a) accounts payable of approximately RMB152.4 million; (b) other payables of approximately RMB76.2 million; and (c) contract liabilities of approximately RMB67.5 million.

The Group's net assets and current ratio remained stable as at 30 June 2025 as compared to those as at 31 December 2024.

(ii) Information of other parties

Shandong Commercial, a controlling Shareholder which indirectly holds 100,000,000 Domestic Shares, representing approximately 75.00% of the Company's entire issued share capital. It is also a large-scale holding company with a wider range of investments in retail business, property development, biopharmaceuticals, drug research and development, medical facilities design and education, among other sectors, 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).

Based on information available and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Commercial Finance, a wholly-owned subsidiary of Shandong Commercial, is a non-bank financial institution established in May 1996 with a credit rating of 2A provided by CBIRC. As at the date of this announcement, based on public record, the Finance Permit Licence (金融許可證) held by Commercial Finance remains valid and has not been withdrawn or revoked. It is principally engaged in handling financial affairs, credit authentication and related consulting and financing advisory matters for member units, absorbing deposits from member units, etc.

Lushang Freda is a joint stock company established in the PRC with limited liability on April 21, 1993, whose shares are listed on the Shanghai Stock Exchange (stock code: 600223). Lushang Freda is principally engaged in the research and development, production and sales of pharmaceutical products, health food, cosmetics, medical devices and raw materials, and is owned as to approximately 51.62% by Shandong Commercial and 1.69% by Lushang Group Co., Ltd., a company owned as to approximately 68.15% by Shandong Commercial. Shandong Commercial is directly and indirectly owned as to 90% by Shandong SASAC.

2. Reasons for and benefits of entering into the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements

The Supplemental PMRS Master Agreement

As stated in the Letter from the Board, as it is expected that the aggregate transaction amount under the 2023 Property Management and Related Services Master Agreement for the year ending 31 December 2025 will exceed the existing annual cap, the Board has resolved to revise the existing annual cap regarding the Property Management and Related Services for the year ending 31 December 2025 by the execution of the Supplemental PMRS Master Agreement.

Given the gradually maturing experience in catering and beverage services of the Group (as part of the Property Management and Related Services), the Group can provide more extensive services (in terms of cuisines), with market price, on normal commercial terms that are no less favourable to the Group than those offered to independent third parties, which can broaden the revenue base of the Group and is in the interests of the Group and the Shareholders as a whole. The revision of the relevant existing annual caps will allow the Group to expand further in providing such value-adding services as part of the Group's property management services.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The 2025 SC Master Agreements

As each of the 2023 Property Management and Related Services Master Agreement, the 2023 Design Services Master Agreement and the 2023 Deposit Services Master Agreement has a term of three years and will expire on 31 December 2025, in order ensure uninterrupted provision of services for the Group's operations, the Company entered into the 2025 SC Master Agreements with the relevant parties.

The Group has been engaged by Lushang Freda Associates and/or Shandong Commercial Associates to provide the Property Management and Related Services since 2006 and engaged by Shandong Commercial Associates and Lushang Freda Associates to provide the Design Services since 2021. It is expected that the Group will continue to do so in its ordinary and usual course of business.

The Group has engaged Commercial Finance to provide Deposit Services since 2019. The Company consider that the Deposit Services could allow the Group to deploy and manage the Group's financial resources in a more flexible and efficient manner.

Based on the above, we concur with the Directors that the entering into each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements is in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole.

3. Assessment of principal terms of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements

The Supplemental PMRS Master Agreement

Date	:	25 September 2025 (after trading hours of the Stock Exchange)
Parties	:	(1) The Company; and (2) Shandong Commercial.
Subject Matter	:	Revision of the existing annual caps for the year ending 31 December 2025 under the 2023 Property Management and Related Services Master Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The 2025 Property Management and Related Services Master Agreement

Date	:	25 September 2025 (after trading hours of the Stock Exchange)
Parties	:	(1) The Company; and (2) Shandong Commercial.
Term	:	Subject to compliance with the Listing Rules (and unless terminated in writing by both parties to the 2025 Property Management and Related Services Master Agreement), from 1 January 2026 to 31 December 2028 (both days inclusive). The term may, subject to compliance with relevant laws and regulations and the Listing Rules as well as the agreement of the parties, be extended or renewed.
Subject Matter	:	Under the 2025 Property Management and Related Services Master Agreement, the Group has agreed to provide the Property Management and Related Services to both Shandong Commercial Associates and Lushang Freda Associates in this regard. Relevant members of both parties will enter into separate agreements setting out the specific terms and conditions based on the principles provided in the 2025 Property Management and Related Services Master Agreement.

The services under the Property Management and Related Services include (without limitation to) (i) the services prior to delivery of property such as property inspection services, cleaning services, and pre-delivery preparations; (ii) property management services; and (iii) other related services such as catering and beverage services.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- Pricing policy and other terms : With the specific payment mechanism for all fees and payments to be determined in accordance with specific agreements to be entered into, such fees to be charged for the Property Management and Related Services shall be determined on arm's length negotiations with reference to (i) the size, location and positioning of the properties; (ii) the scope of services to be provided; and (iii) the anticipated operational costs (including but not limited to labor costs, administration costs and costs of materials).
- Payment arrangement : The payment mechanism for all fees and payments pursuant to the 2025 Property Management and Related Services Master Agreement should be specified in the relevant specific agreement to be entered into by the parties.

The Group will give a credit period ranging from one month to three months for the settlement of the service fees charged with respect to the services rendered under specific agreements executed under the framework of the 2025 Property Management and Related Services Master Agreement. Such credit period is a common industry practice for services provision of the similar nature, and is therefore, on normal commercial terms and no less favourable than that offered by Independent Third Parties.

Except for (i) the revision of the existing annual cap for the year ending 31 December 2025; and (ii) the renewal of agreement period and relevant annual caps, the other terms of the Supplemental PMRS Master Agreement and the 2025 Property Management and Related Services Master Agreement are generally consistent with those of the 2023 Property Management and Related Services Master Agreement.

According to the Group's internal control measures, before entering into any individual agreement under the 2023 Property Management and Related Services Master Agreement, the Group's business development department will collect (i) at least three other contemporaneous transactions of the Group of similar services (in terms of nature, size and location of the properties, the scope of services and the anticipated operational costs) provided to Independent Third Parties; or (ii) prices charged by at least three other property management companies in the PRC (if available) of comparable transactions with Independent Third Parties collected through, among others, information exchange within the industry and publicly available tender information. The Group's business development department then determines a price to be offered to Lushang Freda Associates or Shandong Commercial Associates, which will not be less than the prices offered by the Group to Independent Third Parties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing (i) whether the terms of the Supplemental PMRS Master Agreement and the 2025 Property Management and Related Services Master Agreement are fair and reasonable; and (ii) whether the Group's internal control measures are put in place and effectively implemented, we have randomly selected and reviewed (i) three agreements entered into between the Group and Shandong Commercial Associates or Lushang Freda Associates in relation to provision of Property Management and Related Services by the Group for each year from 2024 to 2025; and (ii) three agreements entered into between the Group and independent third parties in relation to provision of Property Management and Related Services by the Group for each year from 2024 to 2025.

Based on our review of abovementioned agreements, we noted the service fee and the credit period offered by the Group to Shandong Commercial Associates or Lushang Freda Associates was no less favourable than the service fee and the credit period offered by the Group to Independent Third Parties. As such, we consider that (i) the terms of the Supplemental PMRS Master Agreement and the 2025 Property Management and Related Services Master Agreement are fair and reasonable; and (ii) the Group's internal control measures are put in place and effectively implemented.

The 2025 Design Services Master Agreement

Date	:	25 September 2025 (after trading hours of the Stock Exchange)
Parties	:	(1) The Company; and (2) Shandong Commercial.
Term	:	Subject to compliance with the Listing Rules (and unless terminated in writing by both parties to the 2025 Design Services Master Agreement), from 1 January 2026 to 31 December 2028 (both days inclusive). The term may, subject to compliance with relevant laws and regulations and the Listing Rules as well as the agreement of the parties, be extended or renewed.
Subject Matter	:	Under the 2025 Design Services Master Agreement, the Group has agreed to provide the Design Services to both Shandong Commercial Associates and Lushang Freda Associates in this regard. Relevant members of both parties will enter into separate agreements setting out the specific terms and conditions based on the principles provided in the 2025 Design Services Master Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The services under the Design Services include (without limitation to) (a) the architectural design services; (b) landscape design services; (c) decoration design services; and (d) decoration management services.

Pricing policy and other terms : With the specific payment mechanism for all fees and payments to be determined in accordance with specific agreements to be entered into, such fees to be charged for the Design Services shall be determined on arm's length negotiations with reference to (i) the nature, complexity and scope of services; and (ii) the anticipated operational costs, including but not limited to labor costs, administration costs and costs of materials used for providing the services.

Payment arrangement : The payment mechanism for all fees and payments pursuant to the 2025 Design Services Master Agreement should be specified in the relevant specific agreement to be entered into by the parties.

The Group will give a credit period ranging from one month to three months for the settlement of the service fees charged with respect to the services rendered under specific agreements executed under the framework of the 2025 Design Services Master Agreement. Such credit period is a common industry practice for services provision of the similar nature, and is therefore, on normal commercial terms and no less favourable than that offered by Independent Third Parties.

Except for the renewal of agreement period and relevant annual caps, the other terms of the 2025 Design Services Master Agreement are generally consistent with those of the 2023 Design Services Master Agreement.

According to the Group's internal control measures, before entering into any individual agreement under the 2023 Design Services Master Agreement, the Group's business development department will collect (i) at least three other contemporaneous transactions of the Group of similar services (in terms of nature, size and location of the properties, the scope of services and the anticipated operational costs) provided to Independent Third Parties; or (ii) prices charged by at least three other property management companies in the PRC (if available) of comparable transactions with Independent Third Parties collected through, among others, information exchange within the industry and publicly available tender information. The Group's business development department then determines a price to be offered to Lushang Freda Associates or Shandong Commercial Associates, which will not be less than the prices offered by the Group to Independent Third Parties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing (i) whether the terms of the 2025 Design Services Master Agreement are fair and reasonable; and (ii) whether the Group's internal control measures are put in place and effectively implemented, we have randomly selected and reviewed (i) three agreements entered into between the Group and Shandong Commercial Associates or Lushang Freda Associates in relation to provision of Design Services by the Group for each year from 2024 to 2025; and (ii) three agreements entered into between the Group and independent third parties in relation to provision of Design Services by the Group for each year from 2024 to 2025.

Based on our review of abovementioned agreements, we noted the service fee and credit period offered by the Group to Shandong Commercial Associates or Lushang Freda Associates was no less favourable than the service fee and credit period offered by the Group to Independent Third Parties. As such, we consider that (i) the terms of the 2025 Design Services Master Agreement are fair and reasonable; and (ii) the Group's internal control measures are put in place and effectively implemented.

The 2025 Deposit Services Master Agreement

Date	:	25 September 2025 (after trading hours of the Stock Exchange)
Parties	:	(1) The Company; and (2) Commercial Finance.
Term	:	Subject to compliance with the Listing Rules (and unless terminated in writing by both parties to the 2025 Deposit Services Master Agreement), from 1 January 2026 to 31 December 2028 (both days inclusive). The term may, subject to compliance with relevant laws and regulations and the Listing Rules as well as the agreement of the parties, be extended or renewed.
Subject Matter	:	Under the 2025 Deposit Services Master Agreement, the Group has agreed to use the Deposit Services. Pursuant to the 2025 Deposit Services Master Agreement, the Group may deposit its funds in Commercial Finance from time to time.

The relevant parties shall enter into individual deposit services agreements, terms of which shall be consistent with the principal terms of the 2025 Deposit Services Master Agreement in all material aspects.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pricing policy and other terms : The pricing and terms of the Deposit Services shall be determined on arm's length basis in accordance with the following policy:

- (i) the interest rate in respect of the deposits placed by the Group with Commercial Finance will be equal to or higher than the interest rate offered by independent banks or other financial institutions in China for comparable deposits of the same type and term; and
- (ii) the commercial terms provided by Commercial Finance in respect of the Deposit Services will be equal to or more favourable compared to those offered to the Group by Independent Third Parties.

Moreover, the Group shall not be obliged to utilise the Deposit Services provided by Commercial Finance, as the Group may choose at its discretion and utilise the Deposit Services with reference to its operational and business need, the fees charged by and quality of such relevant services, and therefore shall not be limited by the 2025 Deposit Services Master Agreement from engaging other commercial banks or financial institutions for deposit services (should such terms of services become more favorable than that provided by Commercial Finance).

Payment arrangement : The payment mechanism for all fees and payments pursuant to the 2025 Deposit Services Master Agreement should be specified in the relevant specific agreement to be entered into by the parties.

Except for the renewal of agreement period and relevant annual caps, the other terms of 2025 Deposit Services Master Agreement are generally consistent with those of the 2023 Deposit Services Master Agreement.

According to the Group's internal control measures, before placing any new deposit with Commercial Finance, the Group's finance department of the Group will obtain interest rates quoted by People's Bank of China and two major domestic commercial banks in the PRC. Such information together with the quote by Commercial Finance will be submitted to the chief financial officer of the Company for approval to ensure terms offered by Commercial Finance shall not be less favourable to the Group than terms offered by commercial banks who are Independent Third Parties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing (i) whether the terms of the 2025 Deposit Services Master Agreement are fair and reasonable; and (ii) whether the Group's internal control measures are put in place and effectively implemented, we have obtained and reviewed (i) the interest rates offered by Commercial Finance from 2024 to 2025; and (ii) the interest rates offered by Bank of China, China Construction Bank and Industrial and Commercial Bank of China from 2024 to 2025 as disclosed on their websites. We noted the interest rates offered by Commercial Finance were no less favourable than the interest rates offered by Independent Third Parties. As such, we consider that (i) the terms of the 2025 Deposit Services Master Agreement are fair and reasonable; and (ii) the Group's internal control measures are put in place and effectively implemented.

4. Assessment of the proposed annual caps

Historical transaction amounts

Set out below are the historical annual caps and actual transaction amounts for the transactions contemplated under the 2023 Property Management and Related Services Master Agreement, the 2023 Design Services Master Agreement and the 2023 Deposit Services Master Agreement:

	FY2024 RMB'000	For the eight months ended 31 August 2025 ("8M2025") RMB'000
<i>Property Management and Related Services</i>		
Actual transaction amounts	70,406	47,729
Historical annual caps	80,000	92,000
Utilisation rate	88.0%	51.9%
<i>Design Services</i>		
Actual transaction amounts	27,492	11,032
Historical annual caps	46,000	53,000
Utilisation rate	59.8%	20.8%
<i>Deposit Services</i>		
Actual transaction amounts	311,936	313,040
Historical annual caps	357,040	357,040
Utilisation rate	87.4%	87.7%

As shown in the table above, the transaction amount for Design Services was approximately RMB11.0 million for 8M2025, representing a utilisation rate of approximately 20.8% of the existing annual cap for Design Services, equivalent to an annualised utilisation rate of approximately 31.2%. The decrease in the utilisation rate of Design Services was mainly due to the decrease in demand for Design Services from Lushang Freda Associates and/or Shandong Commercial Associates as fewer new projects are being developed under the current sluggish real estate market.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Proposed annual caps

(i) Property Management and Related Services

The proposed annual caps of the Supplemental PMRS Master Agreement and the 2025 Property Management and Related Services Master Agreement for the four years ending 31 December 2028 (“FY2025”, “FY2026”, “FY2027”, and “FY2028”, respectively) are set out below:

	FY2025 RMB'000	FY2026 RMB'000	FY2027 RMB'000	FY2028 RMB'000
Lushang Freda Associates	9,000	13,000	17,000	22,000
Shandong Commercial Associates	86,000	95,000	105,000	120,000
Total	95,000	108,000	122,000	142,000

*Growth rate compared to the
actual/estimated
transaction amount for the
previous year*

34.9%	13.7%	13.0%	16.4%
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In assessing whether the proposed annual caps are fair and reasonable, we have obtained all ongoing contracts related to the provision of Property Management and Related Services by the Group to Lushang Freda Associates and Shandong Commercial Associates (the “**Property Management Contracts**”). It is expected that both parties will renew the contracts at the same fee rates after the Property Management Contracts expire. The table below sets out the estimated transaction amounts of the Property Management Contracts for the four years ending 31 December 2028:

	FY2025 RMB'000	FY2026 RMB'000	FY2027 RMB'000	FY2028 RMB'000
Lushang Freda Associates	8,600	10,046	10,046	10,046
Shandong Commercial Associates	72,326	67,555	65,849	64,918
Total	80,926	77,601	75,895	74,964

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taking account into the following factors:

- (a) The proposed annual cap for FY2025 was primarily determined based on the Property Management Contracts, with the transaction amounts accounting for approximately 85.2% of the proposed annual cap for FY2025. In this regard, we have obtained and reviewed the Property Management Contracts. In addition, a buffer of approximately 14.8% was retained in anticipation of Shandong Commercial Associates potentially awarding new projects to the Group, as its demand for Property Management and Related Services has increased significantly over the past years. We noted the transaction amounts with Shandong Commercial Associates increased by 50.9% from approximately RMB43.0 million for FY2023 to approximately RMB64.9 million for FY2024; and
- (b) The proposed annual caps for FY2026, FY2027, and FY2028 increase by approximately 13.7%, 13.0%, and 16.4%, respectively, compared to the estimated transaction amounts for the previous year. Given that the transaction amount under the Property Management Contracts for FY2025, approximately RMB82.45 million, represent an increase of approximately 17.1% compared to the actual transaction amount of RMB70.41 million for FY2024, we consider the estimated growth rates of the proposed annual caps to be reasonable;

we consider that the proposed annual caps of the Supplemental PMRS Master Agreement and the 2025 Property Management and Related Services Master Agreement are fair and reasonable.

(ii) *Design Services*

The proposed annual caps of the 2025 Design Services Master Agreement for the three years ending 31 December 2028 are set out below:

	FY2026 RMB'000	FY2027 RMB'000	FY2028 RMB'000
Lushang Freda Associates	3,000	3,000	3,000
Shandong Commercial Associates	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>
Total	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>

The actual transaction amounts with Lushang Freda Associates and Shandong Commercial Associates were (a) approximately RMB15.6 million for FY2023; (b) approximately RMB27.5 million for FY2024; and (c) approximately RMB11.0 million for 8M2025 (equivalent to approximately RMB16.5 million when annualised), of which the average is approximately RMB19.9 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given that the proposed annual caps of 2025 Design Services Master Agreement are fair and reasonable are consistent with the average historical transaction amount for FY2023, FY2024 and 8M2025, we consider the proposed annual caps to be fair and reasonable.

(iii) Deposit Services

The proposed annual caps of the 2025 Deposit Services Master Agreement for the three years ending 31 December 2028 are set out below:

	FY2026 <i>RMB'000</i>	FY2027 <i>RMB'000</i>	FY2028 <i>RMB'000</i>
Maximum daily deposit balance	350,000	380,000	400,000
Maximum interest income	<u>6,275</u>	<u>6,755</u>	<u>7,075</u>
Total	<u>356,275</u>	<u>386,755</u>	<u>407,075</u>

Taking account into the following factors:

- (a) The historical maximum daily deposit balance has increased by approximately 10.8% from approximately RMB277.5 million for FY2023 to approximately RMB307.4 million for FY2024. The Group's cash and cash equivalent amounted to approximately RMB425.2 million as at 31 December 2024, representing an increase of 3.2% as compared with approximately RMB412.1 million as of 31 December 2023;
- (b) The highest maximum daily deposit balance under the 2025 Deposit Services Master Agreement is generally in line with the Group's cash and cash equivalents of approximately RMB395.3 million as at 30 June 2025. Given that the interest rates offered by Commercial Finance will be no less favorable than those offered by Independent Third Parties, the Group may choose at its discretion to utilize the Deposit Services to deploy and manage its financial resources; and
- (c) The expected increase in maximum interest income is generally in line with the expected increase in maximum daily deposit balance;

we consider that the proposed annual caps of 2025 Deposit Services Master Agreement are fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the entering into each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements is conducted in the ordinary and usual course of business of the Group; and (ii) the terms of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the relevant resolutions to be proposed at the EGM to approve the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Larry Choi
Managing Director

Mr. Larry Choi is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the years ending 31 December 2022, 2023 and 2024 were disclosed in the annual reports of the Company for the years ended 31 December 2022 (pages 71 to 120), 2023 (pages 78 to 192), 2024 (pages 80 to 185), and the interim report of the Company for the six months ended 30 June 2025 (pages 26 to 64). The aforementioned financial information of the Group has been published on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.lushangfuwu.com).

Please refer to the hyperlinks as stated below:

Annual Report for the year ended 31 December 2022:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042801338.pdf>

Annual Report for the year ended 31 December 2023:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042600776.pdf>

Annual Report for the year ended 31 December 2024:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0428/2025042801287.pdf>

Interim Report for the six months ended 30 June 2025:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0926/2025092601790.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 August 2025, being the latest practicable date for ascertaining this statement of indebtedness prior to the printing of this circular, the total outstanding indebtedness of the Group was of approximately RMB10.9 million, with bank and other borrowings in the approximate amount of RMB8.2 million and lease liabilities in the approximate amount of RMB2.7 million. All of the aforementioned indebtedness are unsecured and unguaranteed.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of the business, as at the close of business on 31 August 2025, the Group did not have any other outstanding mortgages, charges, debentures or other debt securities issued and outstanding, and authorised or otherwise created but unissued, bank overdrafts or loans, other borrowings or similar indebtedness, finance lease, guarantees or hire purchase commitments, liabilities under acceptance or acceptance credits, which are either, or other material contingent liabilities.

To the best knowledge of the Directors, having made all reasonable enquiries, there has been no material change in indebtedness of the Group since 31 August 2025 and up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors are of the opinion that, in the absence of unforeseeable circumstance, after due and careful enquiry, and after taking into account (i) the anticipated cash flows to be generated from the Group's operations; (ii) the present internal financial resources to the Group; and (iii) the banking facilities presently available, the Group will have sufficient working capital to satisfy its requirements for at least the next twelve months following the Latest Practicable Date. The Company has obtained the relevant letter as required under Rule 14.66(12) of the Listing Rules.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

At present, under the context of the slowdown in the growth of management scale of the property industry, the further increase in market concentration and the gradual decrease in dependence on related party projects, the Group has stepped up its efforts in developing third-party projects, so as to effectively reduce its business dependence on related parties. Moreover, the Group still has raised proceeds and sufficient equity funds for mergers and acquisitions, investment and improvement of information management capabilities. Therefore, the Directors believe that the Group will maintain long-term stable development and will be able to seize future market opportunities.

In the future development, the Company will uphold the corporate mission of "serving beauty and sharing happiness", expand the "one body and two wings" business structure, accurately implement the three action strategies of "deepening quality, deepening regional development, and characteristic development", and strive to hone the four core competitiveness of "service innovation, team collaboration, digital drive, and quality control". We are committed to upholding the five-heart service principles namely "sincerity, enthusiasm, peace of mind, assurance, and comfort", always focusing on customer needs and targeting the advancement of service quality. We will do our best to build high-quality living scenes for consumers, and strive to become a regional leading comprehensive property benchmark enterprise and a model brand of urban services.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors and the chief executive of the Company in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) contained in the Listing Rules, were as follows:

Name	Name of associated corporation	Nature of interest	Number of Shares interested	Approximate percentage of shareholding
Mr. Wang Zhongwu	Lushang Freda	Beneficial owner	60,000 ⁽¹⁾	0.0059%

Note:

(1) Mr. Wang Zhongwu was interested in 60,000 shares of Lushang Freda.

Long positions in underlying Shares of the Company

Name of Director	Type of interests	Description of equity derivatives	Number of underlying Shares	Percentage of the issued share capital of the Company
N/A				

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors and the chief executive, as at the Latest Practicable Date, the following person (not being Director or chief executive of the Company) had, or was deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

(i) Long positions in Shares

Name	Nature of interest	Class of Shares	Number of Shares interested ⁽¹⁾	Approximate percentage of shareholding in the relevant class of Shares ⁽²⁾	Approximate percentage of shareholding in the total Shares ⁽³⁾
Lushang Freda	Beneficial owner	Domestic Shares	95,100,000 (L)	95.10%	71.32%
Shandong Commercial ⁽⁴⁾	Interest in controlled corporation	Domestic Shares	100,000,000 (L)	100%	75.0%
Beijing Urban Construction Group Co., Ltd.* (北京城建集團有限責任公司)	Interest in controlled corporation	H Shares	6,495,000 (L)	19.48%	4.87%
Beijing Urban Construction Real Estate Development Co., Ltd.* (北京城建房地產開發有限公司)	Beneficial owner	H Shares	6,495,000 (L)	19.48%	4.87%
HWABAO TRUST CO., LTD	Trustee	H Shares	6,495,000 (L)	19.48%	4.87%

Name	Nature of interest	Class of Shares	Number of Shares interested ⁽¹⁾	Approximate percentage of shareholding in the relevant class of Shares ⁽²⁾	Approximate percentage of shareholding in the total Shares ⁽³⁾
CHINA INTERNATIONAL ECONOMIC TRADING LIMITED	N/A ⁽⁵⁾	H Shares	4,680,000 (L)	14.04%	3.51%
LU DUNKE ⁽⁶⁾	Interest in controlled corporation	H Shares	3,650,000 (L)	10.95%	2.74%
Wenshang County Science Advancement and Construction Security and Workforce Co., Ltd.* (汶上縣科進建安勞務有限責任公司) ⁽⁶⁾	Beneficial owner	H Shares	3,650,000 (L)	10.95%	2.74%
FAN QINYUAN ⁽⁷⁾	Interest in controlled corporation	H Shares	3,025,000 (L)	9.07%	2.27%
Nantong Chen Yun Construction Workforce Co., Ltd.* (南通辰運建築勞務有限公司) ⁽⁷⁾	Beneficial owner	H Shares	3,025,000 (L)	9.07%	2.27%
Shandong Tian Qi Venture Capital Co., Ltd.* (山東天齊創業投資有限公司) ⁽⁷⁾	Beneficial owner	H Shares	2,254,500 (L)	6.76%	1.69%

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) Calculated based on the Company’s 100,000,000 Domestic Shares or 33,340,000 H Shares in issue as at the Latest Practicable Date.
- (3) Calculated based on the total number of 133,340,000 Shares in issue as at the Latest Practicable Date.
- (4) Lushang Freda is owned as to 51.62% by Shandong Commercial and 1.69% by Lushang Group Co., Ltd., a company owned as to 68.15% by Shandong Commercial. By virtue of the SFO, Shandong Commercial is deemed to be interested in the Shares held by Lushang Freda. Green Development holds 4,900,000 Shares, representing 3.67% of the total Shares in issue. As at the Latest Practicable Date, Green Development was wholly owned by the Purchaser (i.e. Shandong Urban and Rural Development Group Co., Ltd.* (山東省城鄉發展集團有限公司)), which is wholly owned by Shandong Commercial. By virtue of the SFO, Shandong Commercial is deemed to be interested in the Shares held by Green Development.
- (5) Based on the disclosure of interests form submitted by CHINA INTERNATIONAL ECONOMIC TRADING LIMITED on 11 July 2022 in respect of the relevant event that occurred on the Listing Date.

- (6) 汶上縣科進建安勞務有限責任公司 is a company beneficially wholly-owned by LU DUNKE.
- (7) 南通辰運建築勞務有限公司 is a company beneficially wholly-owned by FAN QINYUAN.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

3. EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, (i) Mr. Wang Zhongwu is a director of Shandong Urban and Rural Development Group Co., Ltd.* (山東省城鄉發展集團有限公司); and (ii) Ms. Li Han is an assistant to a director of the finance department of Shandong Commercial, and both Shandong Urban and Rural Development Group Co., Ltd.* (山東省城鄉發展集團有限公司) and Shandong Commercial have an interest in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors is also an employee or director of any substantial shareholder of the Company.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, controlling shareholder of the Company nor their respective close associates (as defined in the Listing Rules) had any interest in a business, which competes or may compete, either directly or indirectly, with the business of the Group or any other conflict of interest which any such person has or may have with the Group which would be required to be disclosed pursuant to the Listing Rules.

5. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased, or which were proposed to be acquired, disposed of by or leased to any member of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the businesses of any member of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors had confirmed that there had been no material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened by or against any other member of the Group.

9. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, no Director had any existing or proposed service contracts with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

10. EXPERT AND CONSENT

The following is the qualification of the expert who has provided its advice, which is contained in this circular:

Name	Qualification
Rainbow Capital (HK) Limited	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of each of the Supplemental PMRS Master Agreement and the 2025 SC Master Agreements, their respectively proposed annual caps and the transactions contemplated thereunder

As at the Latest Practicable Date, the Independent Financial Adviser had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its opinions, recommendations, letter of advice and all references to its name in the form and context in which they appear.

As at the Latest Practicable Date, the Independent Financial Adviser was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which had been, since the date to which the date to which the latest published audited consolidated financial statements of the Group were made up (i.e. 31 December 2024), acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Group.

11. MATERIAL CONTRACTS

The following material contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the Latest Practicable Date and are or may be material:

- (a) the equity interest transfer agreement dated 27 February 2024 in relation to an acquisition by the Company, involving the purchase of 100% of the total equity interest in Shandong Lujian Property Management Limited* (山東魯健產業管理有限公司) disposed from Shandong Freda;

- (b) the equity interest transfer agreement dated 27 February 2024 in relation to a disposal by the Company, involving the sale of 100% of the total equity interest in Shandong HuiBangDa Furbishing Engineering Co., Ltd.* (山東省匯邦達裝飾工程有限公司), acquired by Shandong Urban and Rural Development Group Co., Ltd.* (山東省城鄉發展集團有限公司); and
- (c) the discloseable and connected transaction with respect to capital increase agreement dated 21 March 2025 entered into among the Company, SCRED Ltd. and Shandong Blue Shore Garden Engineering Co., Ltd* (山東藍岸園林工程有限公司) (as target company), pursuant to which SCRED Ltd. inject capital in the amount of RMB36,320,000.00 (equivalent to approximately HK\$39,053,763.00) into such target company, giving rise to, a deemed disposal of the Company since such target company concerned changed from a wholly-owned subsidiary of the Company to an associate of the Company with the Company owning 49% of its equity interest and accordingly, the financial results of the Target Company will no longer be consolidated in the Group's accounts.

12. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.lushangfuwu.com) for 14 days from the date of this circular:

- (a) the letter of recommendations from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages IBC-1 to IBC-2 of this circular;
- (b) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages IFA-1 to IFA-20 of this circular;
- (c) the written consent referred to in the paragraph headed "10. Experts and consents" in this appendix;
- (d) the Supplemental PMRS Master Agreement;
- (e) 2025 Property Management and Related Services Master Agreement;
- (f) 2025 Design Services Master Agreement; and
- (g) 2025 Deposit Services Master Agreement.

13. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Yang Zhen (“**Mr. Yang**”).
- (1) Mr. Yang obtained his bachelor’s degree in human resources management from Guizhou University (貴州大學) in the PRC in July 2011.
 - (2) Mr. Yang joined the Group in 1 May 2014 and has served as manager of the securities affairs department since 20 May 2021, where he has been primarily responsible for managing capital markets affairs and daily business operations.
 - (3) With reference made to the prospectus of the Company dated 27 June 2022 and the announcement dated 22 August 2025, Mr. Yang was appointed as the Company’s joint company secretary on 24 June 2021 and he has also been serving as the secretary of the Board since May 20, 2022. The Company was granted a waiver from strict compliance with Rules 3.28 and 8.17 of the Listing Rules given (i) Mr. Yang does not possess a qualification stipulated in Rule 3.28 of the Listing Rules, he is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules; and (ii) Mr. Yang’s thorough understanding of the overall operations and corporate governance matters of the Group and with the Group’s business core business and operations being substantially based and conducted in the PRC, he is considered as a suitable person to act as a company secretary of our Company so as to enable him to attend the day-to-day corporate secretarial matters concerning the Group. In the announcement dated 22 August 2025, Mr. Yang was confirmed that he has met the qualification of the company secretary under Rules 3.28 and 8.17 of the Listing Rules. Mr. Yang has acted as the sole company secretary of the Company with effect from 22 August 2025.
- (b) The registered office of the Company and headquarters in the PRC is situated at Room 202, Block 2, Lushang Guo’ao City, No. 9777 Jingshi Road, Lixia District, Jinan Shandong, the PRC.
- (c) The principal place of business of the Company in Hong Kong is 40/F, Dah Sing Financial Centre 248 Queen’s Road East, Wanchai, Hong Kong.
- (d) The H share registrar of the Company in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text in case of inconsistency.

NOTICE OF THE EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Lushang Life Services Co., Ltd. (the “Company”) will be held at 38th Floor, Block 5, Lushang Guo’ao City, No. 9777 Jingshi Road, Lixia District, Jinan, Shandong, the PRC on Thursday, 30 October 2025 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as the ordinary resolution of the Company (unless otherwise indicated, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 10 October 2025 (the “Circular”)):

ORDINARY RESOLUTIONS

1. “THAT:

- (a) the supplemental agreement to the 2023 Property Management and Related Services Master Agreement (as defined in the Circular) dated 25 September 2025 entered into between Shandong Commercial Group Co., Ltd. (山東省商業集團有限公司) and the Company (the “**Supplemental PMRS Master Agreement**”) in relation to the revision of annual caps of the transactions contemplated under the Supplemental PMRS Master Agreement (a copy of the Supplemental PMRS Master Agreement marked “A” is produced to this meeting and initialled by the chairman of the meeting for the purpose of identification), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) the proposed revised annual caps with reference to the transaction under the Supplemental PMRS Master Agreement be and are hereby approved, confirmed and ratified; and

NOTICE OF THE EGM

- (c) any one or more directors of the Company (the “**Director(s)**”) (or any person authorised by them) be and is/are hereby authorised to prepare, sign, execute and deliver all such other documents, instruments and agreements for and on behalf of the Company, to take any and all steps and to do all such other or further acts and things considered necessary, appropriate, expedient or desirable by such Director(s) (or any person authorised by them) to implement and/or give effect to the Supplemental PMRS Master Agreement and the transactions contemplated thereunder (including the proposed revised annual caps therefor), and to agree to all such variation, revision, amendments or waiver of matters relating thereto as are, in the opinion of the Director(s) (or any person authorised by them), in the interests of the Company.”

2. “**THAT:**

- (a) the property management and related services master agreement dated 25 September 2025 entered into between Shandong Commercial Group Co., Ltd. (山東省商業集團有限公司) and the Company (the “**2025 Property Management and Related Services Master Agreement**”) in relation to the proposed renewal of annual caps of the transactions contemplated under the 2025 Property Management and Related Services Master Agreement (a copy of the 2025 Property Management and Related Services Master Agreement marked “B” is produced to this meeting and initialled by the chairman of the meeting for the purpose of identification), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) the proposed annual caps with reference to the transaction under the 2025 Property Management and Related Services Master Agreement be and are hereby approved, confirmed and ratified; and
- (c) any one or more Director(s) (or any person authorised by them) be and is/are hereby authorised to prepare, sign, execute and deliver all such other documents, instruments and agreements for and on behalf of the Company, to take any and all steps and to do all such other or further acts and things considered necessary, appropriate, expedient or desirable by such Director(s) (or any person authorised by them) to implement and/or give effect to the 2025 Property Management and Related Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor), and to agree to all such variation, revision, amendments or waiver of matters relating thereto as are, in the opinion of the Director(s) (or any person authorised by them), in the interests of the Company.”

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3. “THAT:

- (a) the design services master agreement dated 25 September 2025 entered into between Shandong Commercial Group Co., Ltd. (山東省商業集團有限公司) and the Company (the “**2025 Design Services Master Agreement**”) in relation to the proposed renewal of annual caps of the transactions contemplated under the 2025 Design Services Master Agreement (a copy of the 2025 Design Services Master Agreement marked “C” is produced to this meeting and initialled by the chairman of the meeting for the purpose of identification), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) the proposed annual caps with reference to the transaction under the 2025 Design Services Master Agreement be and are hereby approved, confirmed and ratified; and
- (c) any one or more Director(s) (or any person authorised by them) be and is/are hereby authorised to prepare, sign, execute and deliver all such other documents, instruments and agreements for and on behalf of the Company, to take any and all steps and to do all such other or further acts and things considered necessary, appropriate, expedient or desirable by such Director(s) (or any person authorised by them) to implement and/or give effect to the 2025 Design Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor), and to agree to all such variation, revision, amendments or waiver of matters relating thereto as are, in the opinion of the Director(s) (or any person authorised by them), in the interests of the Company.”

4. “THAT:

- (a) the deposit services master agreement dated 25 September 2025 entered into between Shandong Commercial Group Finance Co., Ltd.* (山東省商業集團財務有限公司) and the Company (the “**2025 Deposit Services Master Agreement**”) in relation to the proposed renewal of annual caps of the transactions contemplated under the 2025 Deposit Services Master Agreement (a copy of the 2025 Deposit Services Master Agreement marked “D” is produced to this meeting and initialled by the chairman of the meeting for the purpose of identification), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) the proposed annual caps with reference to the transaction under the 2025 Deposit Services Master Agreement be and are hereby approved, confirmed and ratified; and

NOTICE OF THE EGM

- (c) any one or more Director(s) (or any person authorised by them) be and is/are hereby authorised to prepare, sign, execute and deliver all such other documents, instruments and agreements for and on behalf of the Company, to take any and all steps and to do all such other or further acts and things considered necessary, appropriate, expedient or desirable by such Director(s) (or any person authorised by them) to implement and/or give effect to the 2025 Deposit Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps therefor), and to agree to all such variation, revision, amendments or waiver of matters relating thereto as are, in the opinion of the Director(s) (or any person authorised by them), in the interests of the Company.”

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

Hong Kong, 10 October 2025

*Registered office and headquarters
in the PRC*

Room 202, Block 2, Lushang Guo'ao City
No. 9777 Jingshi Road, Lixia District, Jinan
Shandong, the PRC

*Principal place of business
in Hong Kong*

40/F, Dah Sing Financial Centre
248 Queen's Road East, Wanchai
Hong Kong

Notes:

1. Individual shareholders who wish to attend the meeting in person shall produce their identity cards or other effective document or proof of identity and stock account cards. Proxies of individual shareholders shall produce their effective proof of identity and form of proxy. A corporate shareholder should attend the meeting by its legal representative or proxy appointed by the legal representative. A legal representative who wishes to attend the meeting should produce his/her identity card or other valid documents evidencing his/her capacity as a legal representative. If appointed to attend the meeting, the proxy should produce his/her identity card and an authorisation instrument duly signed by the legal representative of the corporate shareholder.
2. A form of proxy for use at the EGM or any adjournment thereof is enclosed. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
3. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.

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4. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at the Company's H share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for H Shareholders), or to the registered office of the Company at Room 202, Block 2 Lushang Guo'ao City No.9777 Jingshi Road Lixia District, Jinan, Shandong, the PRC (for domestic Shareholders) as soon as possible and in any event not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.
5. For the purpose of determining the Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 24 October 2025 to Thursday, 30 October 2025, both days inclusive. In order to qualify for attending and voting at the EGM, all transfer documents together with the relevant share certificates must be lodged for registration the Company's H share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for H Shareholders), or to the registered office of the Company at Room 202, Block 2 Lushang Guo'ao City No.9777 Jingshi Road Lixia District, Jinan, Shandong, the PRC (for domestic Shareholders) not later than 4:30 p.m. (Hong Kong time) on Thursday, 23 October 2025.
6. In the case of joint holders of shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holder are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
7. Pursuant to Rule 13.39(4) of the Listing Rules, all resolution at the EGM will be conducted by way of a poll. Results of the poll voting will be posted on the website of the Company (www.lushangfuwu.com) and the website of the Stock Exchange (www.hkexnews.hk) upon the conclusion of the EGM.
8. Shareholders attending the EGM are responsible for their own transportation and accommodation expenses.
9. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

As at the date of this notice, the Board comprises Mr. NING Daoju and Mr. SHAO Meng as executive Directors, Mr. WANG Zhongwu as Chairman and non-executive Director, 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.