

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONNECTED TRANSACTION

ACQUISITION OF THE EQUITY INTEREST IN SHANDONG LUJIAN

ACQUISITION OF THE EQUITY INTEREST IN SHANDONG LUJIAN

On February 27, 2024 (after trading hours of the Stock Exchange), the Company (as purchaser) entered into the Equity Interest Transfer Agreement with Lushang Freda (as vendor) and Shandong Lujian (as target company) in relation to the sale and purchase of 100% of the total equity interest in Shandong Lujian. The consideration under the Equity Interest Transfer Agreement is RMB4,878,300.00 (equivalent to approximately HK\$5,302,500.00).

As at the date of this announcement, Shandong Lujian is owned by Lushang Freda as to 100% of its equity interest, and therefore Shandong Lujian is a wholly-owned subsidiary of Lushang Freda. Upon completion of the Equity Interest Transfer Agreement, Shandong Lujian will become a directly wholly-owned subsidiary of the Company, and the financial results of Shandong Lujian will be consolidated into the consolidated financial statements of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Lushang Freda and its associates control or are entitled to exercise control over approximately 75.00% of the total issued share capital of the Company. Therefore, Lushang Freda is a controlling shareholder of the Company and a connected person of the Company under Chapter 14A of the Listing Rules, and the Acquisition constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 0.1% but are all less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

ACQUISITION OF THE EQUITY INTEREST IN SHANDONG LUJIAN

On February 27, 2024 (after trading hours of the Stock Exchange), the Company (as purchaser) entered into the Equity Interest Transfer Agreement with Lushang Freda (as vendor) and Shandong Lujian (as target company) in relation to the sale and purchase of 100% of the total equity interest in Shandong Lujian. The consideration under the Equity Interest Transfer Agreement is RMB4,878,300.00 (equivalent to approximately HK\$5,302,500.00).

As at the date of this announcement, Shandong Lujian is owned by Lushang Freda as to 100% of its equity interest, and therefore Shandong Lujian is a wholly-owned subsidiary of Lushang Freda. Upon completion of the Equity Interest Transfer Agreement, Shandong Lujian will become a directly wholly-owned subsidiary of the Company, and the financial results of Shandong Lujian will be consolidated into the consolidated financial statements of the Group.

The Equity Interest Transfer Agreement

Set out below is a summary of the principal terms of the Equity Interest Transfer Agreement:

Date

February 27, 2024

Parties

- (a) The Company (as purchaser);
- (b) Lushang Freda (as vendor); and
- (c) Shandong Lujian (as target company).

Subject Matter

Pursuant to the Equity Interest Transfer Agreement, Lushang Freda agrees to sell and the Company agrees to purchase the Target Equity Interest, representing 100% of the total equity interest in Shandong Lujian.

As at the date of this announcement, the principal assets of Shandong Lujian consist of cash and other receivables and Shandong Lujian is principally engaged in provision of corporate headquarters management, remote health management services, health consulting services and sports health services, sales of sanitary products, disposable medical supplies and medical devices and internet sales.

Consideration

The consideration for the sale and purchase of the Target Equity Interest under the Equity Interest Transfer Agreement is RMB4,878,300.00 (equivalent to approximately HK\$5,302,500.00).

The consideration for the sale and purchase of the Target Equity Interest was determined after arm's length negotiations between the parties with reference to the appraised value of the Target Equity Interest by an independent valuer as at the Valuation Benchmark Date. Pursuant to the valuation report issued by an independent valuer, the appraised value of the entire equity interest of Shandong Lujian as at the Valuation Benchmark Date was RMB4,878,300.00 (equivalent to approximately HK\$5,302,500.00) under asset-based approach, therefore the corresponding appraised value of 100% of the equity interest of Shandong Lujian as at the Valuation Benchmark Date was RMB4,878,300.00 (equivalent to approximately HK\$5,302,500.00).

The consideration for the sale and purchase of the Target Equity Interest shall be paid in cash.

Conditions

The Equity Interest Transfer Agreement shall be effective upon the satisfaction of the following conditions:

- (1) the duly execution of the Equity Interest Transfer Agreement by the legal representatives or authorized representatives of the parties thereto; and
- (2) the approval to the Equity Interest Transfer Agreement, the Acquisition and the transactions contemplated thereunder having been obtained from the Board.

Completion

Within ten (10) days after the payment of consideration for the sale and purchase of the Target Equity Interest under the Equity Interest Transfer Agreement, the Company and Lushang Freda shall complete the update of the register of members of Shandong Lujian and the registration by the relevant administration of industry and commerce of the PRC in relation to the transfer of the Target Equity Interest. Completion of the transfer of the Target Equity Interest shall take place upon the duly completion of such registration procedures.

Payment Terms

Within fifteen (15) days upon the taking effect of the Equity Interest Transfer Agreement, the Company shall pay the consideration of RMB4,878,300.00 (equivalent to approximately HK\$5,302,500.00) for the sale and purchase of the Target Equity Interest in one lump sum to Lushang Freda.

Other Key Terms

During the period from the date upon the taking effect of the Equity Interest Transfer Agreement to the date of the Completion:

- (1) Any operational cost of Shandong Lujian incurred, such as employee wages, water and electricity cost, shall be assumed by Shandong Lujian;
- (2) Shandong Lujian shall not change its registered capital, distribute profits, create other rights, borrow loans, enter into contracts, make personnel changes and compensation payments, or engage in litigation, settlement or mediation not arising from its ordinary course of business and Shandong Lujian shall assume responsibility for such acts; and

- (3) Lushang Freda shall hand over to the Company all the information of Shandong Lujian, such as company seals, certificates, and financial books.

During the period from the Valuation Benchmark Date to the date of the Completion, any operational profit or loss in respect of the Target Equity Interest incurred shall be assumed by the Company.

Information on Shandong Lujian

Shandong Lujian is a company established in the PRC with limited liability on August 19, 2022. The registered capital of Shandong Lujian is RMB10 million, which is fully paid up as at the date of this announcement.

As at the date of this announcement, Shandong Lujian has no subsidiaries.

Shandong Lujian is principally engaged in provision of corporate headquarters management, remote health management services, health consulting services and sports health services, sales of sanitary products, disposable medical supplies and medical devices and internet sales.

As at the date of this announcement, Shandong Lujian is owned by Lushang Freda as to 100% of its equity interest, and therefore is a wholly-owned subsidiary of Lushang Freda.

Set out below is the audited financial information of Shandong Lujian (as prepared in accordance with the China Accounting Standards for Business Enterprises) for the financial year ended December 31, 2023.

	For the year ended December 31, 2023 (Audited) (RMB)
Profit before taxation	28,123.05
Profit after taxation	28,123.05

As at December 31, 2023, the audited net asset value of Shandong Lujian was RMB4,878,289.12.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company intends to develop its property management services regarding repair and maintenance of elevator systems. However, the establishment of a company involves a series of procedures as required by the relevant assets supervision and administration authority. Such procedures are expected to take a substantial period of time to complete which would not only hinder the business development of the Company, but would also lead to burdensome compliance costs and may affect the accounting period of the Company. In contrast, the procedures relating to acquiring an existing company and amending its business scope according to the business needs of the Company are expected to take a shorter period of time to complete with lower costs. Therefore, the Acquisition could facilitate the business development of the Company.

Furthermore, as Shandong Lujian is wholly-owned by Lushang Freda which is a connected person of the Company with a transparent corporate structure, this facilitates the Company to conduct due diligence review of Shandong Lujian which reveals no non-compliance issues against Shandong Lujian.

In addition, as the assets of Shandong Lujian consist wholly of cash and other receivables, the valuation of Shandong Lujian can be efficiently carried out.

Taking into account the above, the Board (including the independent non-executive Directors) considers that the terms of the Equity Interest Transfer Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP

The Company is a company established in the PRC with limited liability on March 24, 2006 and converted into a joint stock company with limited liability on March 12, 2021 and the H Shares of which are listed on the Stock Exchange.

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

INFORMATION ON LUSHANG FREDA

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.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Lushang Freda and its associates control or are entitled to exercise control over approximately 75.00% of the total issued share capital of the Company. Therefore, Lushang Freda is a controlling shareholder of the Company and a connected person of the Company under Chapter 14A of the Listing Rules, and the Acquisition constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios in respect of the Acquisition exceed 0.1% but are all less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

At the Board meeting held to approve the Equity Interest Transfer Agreement and the transactions contemplated thereunder, none of the Directors has or is deemed to have a material interest in the Equity Interest Transfer Agreement and the transactions contemplated thereunder and is required to abstain from voting on the relevant Board resolution.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below, and words in plural shall include the singular and vice versa, as applicable:

“Acquisition”	the acquisition of the Target Equity Interest by the Company from Lushang Freda pursuant to the Equity Interest Transfer Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Lushang Life Services Co., Ltd. (魯商生活服務股份有限公司) (formerly known as Shandong Lushang Property Services Co., Ltd. (山東魯商物業服務有限公司)), a company established in the PRC with limited liability on March 24, 2006 and converted into a joint stock company with limited liability on March 12, 2021 and the H Shares of which are listed on the Stock Exchange (stock code: 2376)
“Completion”	completion of the Equity Interest Transfer Agreement subject to and in accordance with the terms and conditions thereof
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Equity Interest Transfer Agreement”	the equity interest transfer agreement entered into between the Company, Lushang Freda and Shandong Lujian on February 27, 2024, pursuant to which the Company agrees to purchase and Lushang Freda agrees to sell 100% of the total equity interest in Shandong Lujian
“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 subscribed for and traded in HK\$
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“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) (formerly known as Lushang Health Industry Development Co., Ltd. (魯商健康產業發展股份有限公司)), 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) and a controlling shareholder of the Company
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holder(s) of the share(s) of the Company
“Shandong Commercial”	Shandong Commercial Group Co., Ltd. (山東省商業集團有限公司), a company established in the PRC with limited liability on November 26, 1992 and a controlling shareholder of the Company
“Shandong Lujian”	Shandong Lujian Property Management Limited* (山東魯健產業管理有限公司) is a company established in the PRC with limited liability on August 19, 2022 and is owned by Lushang Freda as to 100% of its equity interest as at the date of this announcement
“Shandong SASAC”	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)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Target Equity Interest”	100% of the total equity interest in Shandong Lujian
“Valuation Benchmark Date”	December 31, 2023, being the valuation reference date of the appraised value of the Target Equity Interest
“%”	per cent.

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

Jinan, the PRC, February 27, 2024

For the purpose of this announcement, unless the context otherwise requires, 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.

As at the date of this announcement, the Board comprises Mr. WANG Zhongwu as Chairman and executive Director, Mr. SHAO Meng as executive Director, Ms. LI Lu, 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.

* *for identification purpose only*