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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)

CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING

References are made to (i) the prospectus of Lushang Life Services Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 27 June 2022 (the “**Prospectus**”) in relation to, among other things, the proposed use of the net proceeds to the Company from the global offering (the “**Global Offering**”) of the Company (the “**Net Proceeds**”); and (ii) the interim report of the Company for the six months ended 30 June 2025 (the “**Interim Report**”), in which the utilization of the Net Proceeds as at 30 June 2025 was disclosed.

Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Prospectus and the Interim Report.

USE OF PROCEEDS

As disclosed in the section headed “FUTURE PLANS AND USE OF PROCEEDS” in the Prospectus, the Company proposed to utilise the proceeds from the Listing for the following purposes:

- (a) Approximately 60% will be used to pursue strategic cooperation, acquisitions and investments to expand business scale and diversity property portfolio;
- (b) Approximately 15% will be used to finance the development and enhancement of property management services and further develop our diversified community value-added services to improve our customers’ experience and satisfaction;

- (c) Approximately 15% will be used to develop and upgrade the Group's information technology infrastructure by investment in technology systems and standardized business operations; and
- (d) Approximately 10% will be used to replenish the working capital and for general corporate purposes.

As at the date of the Interim Report and the date of this announcement, the Group strictly utilised the Net Proceeds for the purposes as stated in the Prospectus, among which, approximately HK\$19.05 million of the Proceeds has been utilised with approximately HK\$119.35 million of the net proceeds unutilised (the “**Unutilised Proceeds**”). For the avoidance of doubt, as such Unutilised Proceeds have been placed in banking institutions, interests and foreign exchange gains have been derived thereunder (“**Sum**”). With respect to such Sum, as at the date of this announcement, approximately RMB3.42 million (equivalent to approximately HK\$3.70 million) has been derived as at the date of this announcement. The Sum derived up to the date of this announcement and thereafter will be utilised as working capital and other general corporate purposes.

Set out below is the use of the Net Proceeds as at the date of this announcement:

		Approximate % of Net Proceeds	Intended use of Net Proceeds (HK\$ million)	Utilised Net Proceeds as at the date of this announcement (HK\$ million)	Unutilised Net Proceeds as at the date of this announcement (HK\$ million)	Expected time of full utilisation
Proposed use of Net Proceeds as set out in the Prospectus						
Major categories	Sub-categories and specific plans					
<i>Strategic cooperation, acquisitions and investments to expand business scale and diversity property portfolio</i>		60.0	83.04	0	83.04	December 31, 2025
	(i) Strategic acquisitions and investments in property management companies with a focus on managing residential projects	48.0	66.43	0	66.43	

Proposed use of Net Proceeds as set out in the Prospectus		Approximate % of Net Proceeds	Intended use of Net Proceeds (HK\$ million)	Utilised Net Proceeds as at the date of this announcement (HK\$ million)	Unutilised Net Proceeds as at the date of this announcement (HK\$ million)	Expected time of full utilisation
Major categories	Sub-categories and specific plans					
	(ii) Strategic acquisitions and investments in property management companies with a focus on managing non-residential projects to further diversify our managed property portfolio	12.0	16.61	0	16.61	
<i>Enhance property management services and further develop our diversified community value-added services to improve our customers' experience and satisfaction</i>	(i) Further improve our traditional property management services to enhance customer experiences:	15.0	20.76	0.13	20.63	<i>December 31, 2026</i>
	– For training programs, among which:		5.08	0	5.08	
	(a) to provide occupational training programs for our employees to obtain necessary qualifications and licenses for, among others, fire safety, security services, human resources, financial management and greening and gardening;		0.43	0	0.43	

			Utilised Net Proceeds as at the date of this announcement (HK\$ million)	Unutilised Net Proceeds as at the date of this announcement (HK\$ million)	Expected time of full utilisation
Proposed use of Net Proceeds as set out in the Prospectus		Approximate % of Net Proceeds	Intended use of Net Proceeds (HK\$ million)		
Major categories	Sub-categories and specific plans				
	(b) to hold training classes targeting different levels of our employees, including our management trainees, entry level employees and senior employees, to create a highly professional workforce and ensure the smooth implementation of our standardized operation procedures;		3.62	0	3.62
	(c) to organize internal competitions to further incentivize our employees and therefore align our employees' interests with ours;		0.17	0	0.17
	(d) to the training of our internal instructors of our training programs;		0.43	0	0.43
	(e) to provide to training sessions relating to property management industry to help our employees and management team stay abreast of industry development trends.		0.43	0	0.43

		Approximate % of Net Proceeds	Intended use of Net Proceeds (HK\$ million)	Utilised Net Proceeds as at the date of this announcement (HK\$ million)	Unutilised Net Proceeds as at the date of this announcement (HK\$ million)	Expected time of full utilisation
Proposed use of Net Proceeds as set out in the Prospectus						
Major categories	Sub-categories and specific plans					
	– For brand promotions, among which:		8.76	0	8.76	
	(a) to improve the content of our online platforms such as our official website, TikTok account and WeChat official account to increase the publicity of our brand;		0.26	0	0.26	
	(b) to hold press conferences and public relation campaigns to further enhance our brand awareness;		0.95	0	0.95	

		Approximate % of Net Proceeds	Intended use of Net Proceeds (HK\$ million)	Utilised Net Proceeds as at the date of this announcement (HK\$ million)	Unutilised Net Proceeds as at the date of this announcement (HK\$ million)	Expected time of full utilisation
Proposed use of Net Proceeds as set out in the Prospectus						
Major categories	Sub-categories and specific plans					
	(c) to hold publicity campaigns that features our brand ambassadors and our services and products to create more opportunities to interact with our customers and further enhance our social influence;		3.86	0	3.86	
	(d) to advertisement on both traditional media and new media platforms; and		2.74	0	2.74	
	(e) to unify our firmwide VI designs to consolidate and streamline our brand promotion management.		0.95	0	0.95	
	(ii) Further develop our diversified community value-added services	5.0	6.92	0.13	6.79	

Proposed use of Net Proceeds as set out in the Prospectus		Approximate % of Net Proceeds	Intended use of Net Proceeds (HK\$ million)	Utilised Net Proceeds as at the date of this announcement (HK\$ million)	Unutilised Net Proceeds as at the date of this announcement (HK\$ million)	Expected time of full utilisation
Major categories	Sub-categories and specific plans					
<i>Invest in technology systems and standardized business operations</i>		15.0	20.76	5.92	14.84	December 31, 2026
<i>Develop technology-supported community platform</i>	(i) Develop our online service platforms to improve interactions with our customers	2.2	3.04	1.74	1.30	
	(ii) Procure and upgrade intelligent devices and facilities at our managed properties, among which:	9.8	13.59	1.72	11.87	
	(a) to monitoring and communication equipment and personnel that manage the smart systems;		1.28	0.2	1.08	
	(b) to parking lot renovation; and		3.10	1.26	1.84	
	(c) to the smart system assuming that developing and upgrading such systems in each community.		9.20	0.26	8.94	

Proposed use of Net Proceeds as set out in the Prospectus		Approximate % of Net Proceeds	Intended use of Net Proceeds (HK\$ million)	Utilised Net Proceeds as at the date of this announcement (HK\$ million)	Unutilised Net Proceeds as at the date of this announcement (HK\$ million)	Expected time of full utilisation
Major categories	Sub-categories and specific plans					
	(iii) Develop and upgrade our internal management systems, among which:	3.0	4.14	2.46	1.68	
	(a) to internal management system operation and data protection; and		2.50	2.46	0.04	
	(b) to human resource for internal management.		1.64	0	1.64	
<i>Working capital</i>	<i>Working capital and other general corporate purposes.</i>	<i>10.0</i>	<i>13.84</i>	<i>13.00</i>	<i>0.84</i>	<i>December 31, 2025</i>
Total		100.0	138.40 (note 1)	19.05	119.35	

Note:

1. Slight discrepancies of certain amounts and/or percentages stipulated herein when compared to the Interim Report are due to rounding adjustments.

CHANGE IN USE OF THE NET PROCEEDS

Amid the dual challenges of an adjustment period in the property industry and intensifying competition in terms of property management in the PRC, the Group is placing a greater focus on steady and sustainable development. Accordingly, the Group has adopted a more prudent and business-aligned investment strategy. At the same time, the Group is proactively implementing a talent strategy to attract and cultivate outstanding personnels, thereby strengthening the Group's core competitiveness and infusing vitality into its long-term growth. Therefore, based on a comprehensive consideration of the aforementioned factors along with the actual efficiency of usage across various purposes, the Group has decided to adjust and reallocate the intended use of the Net Proceeds.

On 28 November 2025, the Board has resolved that the intended use of the Net Proceeds shall be revised or reallocated with revision of the intended timetable for use of the unutilized Net Proceeds (the “**Proposed Change**”):

- (i) For the category “Strategic cooperation, acquisitions and investments to expand business scale and diversity property portfolio”, it will be revised to “Investments including strategic partnerships, acquisitions, and capital increase in subsidiaries to expand the Group’s business scope and scale”. Since after listing of the Company, it has actively promoted cooperation with provincial state-owned enterprises in the property sector, including actively conducting due diligence and feasibility studies on projects. Due to various factors such as the quality of the target projects, decision-making procedures, and general macro-economic environment, no substantial progress has been made to date. Furthermore, the Company has consistently strived to seek high-quality acquisition targets through various channels, screening over ten potential targets in the market using methods such as business composition, financial analysis, and legal compliance to select suitable acquisition targets. However, influenced by factors such as state-owned asset supervision, target qualifications, industry background, return and risk assessment, and the economic environment, the company has chosen to cautiously manage acquisition progress since its listing;
- (ii) For the category “Enhance property management services and further develop our diversified community value-added services to improve our customers’ experience and satisfaction”, to align with the company’s value-added business development direction and improve the efficiency of the use of these proceeds, it is proposed to consolidate the Net Proceeds under this category for the following purposes: 1) Improve the company’s management and service system, such as hiring system consultants and improving the company’s various system regulations based on the latest system standards, in order to enhance the level of standardized operation and build a highly professional work team; 2) Enhance the company’s standardization efforts, such as updating the company’s visual design system, updating the signage, promotional brochures, or tools, materials, and uniforms bearing the company’s distinctive logo for each business unit, and conducting brand building and incubation to further enhance the company’s unified external image and improve user experience; 3) Improve the quality of services in the community and create a “15-minute convenient living circle”, such as (a) creating highlights in the park and home return routes; (b) updating outdoor fitness equipment and children’s play facilities to improve the living environment and satisfaction of customers; and (c) updating and build electric vehicle sheds and charging devices to improve the cleanliness and safety of the community; 4) Organize internal competitions and contests to further motivate employees and improve their skills; 5) Further expand community value-added services, such as setting up community service stores to provide door and window replacement, building material supply, furniture purchase and

home improvement, age-friendly renovation and housekeeping services, etc.; assisting owners in property sales and leasing by establishing a property transaction platform; establishing community service centers in the community that residents can use as recreational centers for various activities; operating community restaurants to provide residents with healthy, convenient and delicious meals; organizing community markets to bring maximum comfort and convenience to residents' daily lives; and providing safe, healthy and fun activity venues for the elderly, children and teenagers in our managed properties; and 6) Recruitment and training of talents;

- (iii) 10% of the Net Proceeds (in the amount of approximately HK\$13.84 million) will be reallocated to a new category of utilisation "Promotion of ESG Development", in order to actively respond to the public's demands and expectations for green development, energy conservation, and emission reduction, fulfilling the social responsibilities of state-owned enterprises more comprehensively and thoroughly. The Company's environmental, social, and governance (ESG) initiatives shall be continuously promoted, thereby ensuring that while achieving its own sustainable development, the Company also makes a positive contribution to building a resource-saving and environmentally friendly society, further enhancing the social image and value creation capabilities of state-owned enterprises, and aligning with the main theme of the times; These initiatives include: (1) Procurement, renewal, and renovation of energy-efficient equipment and facilities for lighting, cooling, and other energy consuming functions; (2) Optimizing various facilities at older communities to reduce energy consumption and carbon footprint, while implementing effective resource recovery, waste management, and water management within managed projects; (3) Community public welfare initiatives, including but not limited to enhancing emergency response systems, organizing community outreach activities for disadvantaged groups, and making charitable donations; (4) Investment in staff training and development to equip staff with the necessary knowledge and skills to fulfill their respective duties; and (5) Other initiatives to enhance the Company's ESG framework, such as engaging third-party institutions for guidance and assistance;

- (iv) For the category on “Invest in technology systems and standardized business operations”, approximately HK\$14.84 million of the Net Proceeds remain unutilised as at the date of this announcement, such amount is intended to be utilised more efficiently for 1) internal management system operation and data protection; 2) mobile application development costs, related data communication costs, server rental fees required for mobile application maintenance, and online service platform upgrade costs; 3) monitoring and communication equipment and management intelligent system upgrades and renovations; 4) parking lot facility and equipment improvements; 5) for intelligent robot and intelligent equipment procurement, etc.; and
- (v) As at the date of this announcement, 10% of the Net Proceeds (in the amount of approximately HK\$13.84 million) had been allocated for “Working capital and other general corporate purposes”, and approximately HK\$13.00 million of the Net Proceeds had been utilised. To supplement general working capital of the Group for purposes such as the continuous recruitment of more outstanding talents, establishment of a sound talent development system of the Group, facilities’ maintenance expenses and other sundry expenses of the Group, it is intended that an additional 10% of the Net Proceeds will be allocated to this purpose and the reallocation will promote flexibility of utilisation on the Net Proceeds.

Details of the intended use of Net Proceeds after the Proposed Change are set out below:

Proposed use of Net Proceeds under Proposed Change	Approximate % of Net Proceeds	Intended use of Net Proceeds (HK\$ million)	Utilised Net Proceeds as at the date of this announcement (HK\$ million)	Unutilised Net Proceeds as at the date of this announcement (HK\$ million)	Expected time of full utilisation
Major categories					
<i>Investments including strategic partnerships, acquisitions, and capital increase in subsidiaries to expand the Group’s business scope and scale</i>	40%	55.36	0.00	55.36	31 December 2028
<i>Enhance property management services and further develop our diversified community value-added services to improve our customers’ experience and satisfaction</i>	15%	20.76	0.13	20.63	31 December 2027

Proposed use of Net Proceeds under Proposed Change	Approximate % of Net Proceeds	Intended use of Net Proceeds (HK\$ million)	Utilised Net Proceeds as at the date of this announcement (HK\$ million)	Unutilised Net Proceeds as at the date of this announcement (HK\$ million)	Expected time of full utilisation
Major categories					
<i>Promotion of ESG Development</i>	10%	13.84	0.00	13.84	31 December 2027
<i>Invest in technology systems and standardized business operations</i>	15%	20.76	5.92	14.86	31 December 2027
<i>Working capital and other general corporate purposes</i>	20%	27.68	13.00	14.68	31 December 2027
	TOTAL	138.40 (note 1)	19.05	119.35	

Note:

1. Slight discrepancies of certain amounts and/or percentages stipulated herein when compared to the Interim Report are due to rounding adjustments.

REASONS FOR AND BENEFITS OF CHANGE IN USE OF UNUTILISED PROCEEDS

The Board believes that the Proposed Change is conducive to improving the efficiency of the use of Unutilised Proceeds, enabling the Group to maintain flexibility and liquidity under ever-changing market conditions, and providing financial support for potential new opportunities or challenges. At the same time, the Proposed Change fully harness the initiative, sense of responsibility and mission of the Group's employees to promote the long-term development of the Group.

The Board believes that the Proposed Change is in line with the current business strategy of the Group and will not have any material impact on the operations and business of the Group. The Board considers the Proposed Change is fair and reasonable as it will enable the Group to deploy its financial resources more effectively to improve the profitability of the Group and is therefore in the interests of the Group and the Shareholders as a whole.

The Board will continuously assess the plan for the use of the Unutilised Proceeds and may revise or amend such plan where necessary to cope with the changing market conditions and strive for better business performance of the Group.

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

19 December 2025

Jinan, the PRC

For illustrative purpose of this announcement only, conversion of RMB into HK\$ is made at the rate of RMB1.000 = HK\$1.081.

As at the date of this announcement, 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.