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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)**

**ANNOUNCEMENT**

- (1) ADOPTION OF CHINA ACCOUNTING STANDARDS  
FOR BUSINESS ENTERPRISES;  
(2) PROPOSED AMENDMENTS TO THE ARTICLES OF  
ASSOCIATION;  
(3) CHANGE OF AUDITOR; AND  
(4) UPDATE ON GROSS PROCEEDS FROM THE GLOBAL OFFERING**

This announcement is made by the board (the “**Board**”) of directors (the “**Director(s)**”) of Lushang Life Services Co., Ltd. (the “**Company**”) pursuant to Rules 13.51 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

**(1) ADOPTION OF CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES**

According to the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong” (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》) published by the Stock Exchange in December 2010, issuers listed in Hong Kong and incorporated in mainland China have been approved to adopt the China Accounting Standards for Business Enterprises (the “**CASBE**”) to prepare their financial statements, and domestic accounting firms recognised by the Ministry of Finance of the People’s Republic of China (the “**PRC**”) and the China Securities Regulatory Commission are permitted to provide services to such issuers adopting the CASBE.

In accordance with the articles of association of the Company (the “**Articles of Association**”), the Company shall, in addition to being prepared in accordance with the PRC accounting principles and regulations, be prepared in accordance with either international accounting principles, or those of the place outside the PRC where the Company’s shares are listed.

The Company is incorporated in the PRC and its overseas listed foreign shares have been listed on the Stock Exchange since July 8, 2022. It has adopted the International Financial Reporting Standards (the “**IFRS**”) for the preparation of the accountant reports in its prospectus dated June 27, 2022 and its subsequent financial statements.

In order to improve working efficiency and lower the cost for preparing two sets of financial statements in accordance with the PRC accounting standards as well as the IFRS , on July 17, 2023, the Board considered and approved to prepare the Company’s financial statements and disclose relevant financial information in accordance with the CASBE starting from the interim report for the six months ended June 30, 2023, subject to the approval by the shareholders of the Company (the “**Shareholders**”) at the forthcoming extraordinary general meeting of the Company (the “**EGM**”).

The Board is of the view that the preparation of the Company’s financial statements in accordance with the CASBE will not have any material impacts on the financial position and operating results of the Company.

## (2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In order to, among others, reflect the proposed adoption of the CASBE to prepare the Company's financial statements (the "**Proposed Adoption**") and amend the chapter on grassroots organizations of the Party in the Articles of Association, the Board proposed to amend certain articles of the Articles of Association (the "**Proposed Amendments**"). Details of the Proposed Amendments are as follows:

Existing articles	Amended articles
<p><i>Article 189</i> The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting principles and regulations, be prepared in accordance with either international accounting principles, or those of the place outside the PRC where the Company's shares are listed. If there is any material difference between the financial statements prepared in accordance with the two accounting principles, such difference shall be stated in the notes to the financial statements. In distributing the Company's after-tax profits of the relevant accounting year, the lower of the two amounts shown in the financial statements shall be adopted.</p>	<p><i>Article 189</i> The financial statements of the Company shall, <del>in addition to being prepared in accordance with the PRC accounting principles and regulations, be prepared in accordance with either international accounting principles, or those of the place outside the PRC where the Company's shares are listed.</del> <u>be prepared in accordance with the PRC accounting principles, laws, rules and regulations.</u> <del>If there is any material difference between the financial statements prepared in accordance with the two accounting principles, such difference shall be stated in the notes to the financial statements.</del> <u>In addition, if the Company deems it necessary, the financial statements of the Company may also be prepared in accordance with international accounting principles or those of the place where the Company's shares are listed. If there is any material difference between the financial statements prepared in accordance with the above two accounting principles, such difference shall be stated in the notes to the financial statements.</u> In distributing the Company's after-tax profits of the relevant accounting year, the lower of the two amounts shown in the financial statements shall be adopted.</p>

Existing articles	Amended articles
<p><i>Article 190</i> The interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting principles and regulations as well as the international accounting principles or those of the place outside the PRC where the Company’s shares are listed.</p>	<p><i>Article 190</i> The interim results, <u>annual results</u> or financial information published or disclosed by the Company shall be prepared in accordance with <del>the PRC accounting principles and regulations as well as the international accounting principles or those of the place outside the PRC where the Company’s shares are listed.</del> <u>the PRC accounting principles, laws, rules and regulations.</u> In addition, if the Company deems it necessary, the <u>financial statements of the Company may also be prepared in accordance with international accounting principles or those of the place where the Company’s shares are listed.</u></p>

Existing articles	Amended articles
<p><b>Article 206</b> In accordance with the provisions of the Constitution of the Communist Party of China, the Company shall establish a Party Organization and related administrative organs, and maintain staffing to handle Party’s affairs. As approved by the Communist Party Committee of Shandong Commercial Group Co., Ltd. (中共山東省商業集團有限公司委員會), the Company has established the Communist Party Committee of Lushang Life Services Co., Ltd. (中共魯商生活服務股份有限公司委員會) (the “<b>Party Committee of the Company</b>”) and the Communist Party Commission for Discipline Inspection of Lushang Life Services Co., Ltd. (中共魯商生活服務股份有限公司紀律檢查委員會) (the “<b>Party Commission for Discipline Inspection of the Company</b>”). The candidates of secretaries, deputy secretaries and members of the Party Committee of the Company and the secretaries of the Party Commission for Discipline Inspection of the Company shall be approved by the cadre management authority. The Party Organization of the Company is under the Communist Party Committee of Shandong Commercial Group Co., Ltd. (中共山東省商業集團有限公司委員會).</p>	<p><b>Article 206</b> In accordance with the provisions of the Constitution of the Communist Party of China (《中國共產黨章程》), <del>the Company shall establish a Party Organization and related administrative organs, and maintain staffing to handle Party’s affairs. As approved by the Communist Party Committee of Shandong Commercial Group Co., Ltd. (中共山東省商業集團有限公司委員會),</del> <u>and as approved by the superior party organization,</u> the Company has established the Communist Party Committee of Lushang Life Services Co., Ltd. (中共魯商生活服務股份有限公司委員會) (the “<b>Party Committee of the Company</b>”) <del>and the Communist Party Commission for Discipline Inspection of Lushang Life Services Co., Ltd. (中共魯商生活服務股份有限公司紀律檢查委員會) (the “Party Commission for Discipline Inspection of the Company”).</del> The candidates of secretaries, deputy secretaries and members of the Party Committee of the Company and the secretaries of the Party Commission for Discipline Inspection of the Company shall be approved by the cadre management authority. The Party Organization of the Company is under the Communist Party Committee of Shandong Commercial Group Co., Ltd. (中共山東省商業集團有限公司委員會). <u>Meanwhile, in accordance with the relevant regulations, the Company has established the Communist Party Commission for Discipline Inspection of Lushang Life Services Co., Ltd. (中共魯商生活服務股份有限公司紀律檢查委員會) (the “Party Commission for Discipline Inspection of the Company”).</u></p>

Existing articles	Amended articles
<p><b>Article 207</b> The Party Committee of the Company shall establish committees at grassroots level, committees under the general branch, branch committees of the Party by hierarchy in accordance with the relevant provisions, and establish robust grass-root Party Organizations and carry out Party activities. The Party Organization of the Company conducts regular general election in accordance with the Provisional Regulations on the Election of Grass-root Organizations of the Communist Party of China (《中國共產黨基層組織選舉工作暫行條例》).</p>	<p><del><b>Article 207</b> The Party Committee of the Company shall establish committees at grassroots level, committees under the general branch, branch committees of the Party by hierarchy in accordance with the relevant provisions, and establish robust grass-root Party Organizations and carry out Party activities. The Party Organization of the Company conducts regular general election in accordance with the Provisional Regulations on the Election of Grass-root Organizations of the Communist Party of China (《中國共產黨基層組織選舉工作暫行條例》).</del> <u>The leading group of the Party Committee of the Company shall be equipped based on the management authority in accordance with the Constitution of the Communist Party of China (《中國共產黨章程》) and the Regulations on the Work at Primary-level Party Organizations of State-owned Enterprises (For Trial Implementation) (《中國共產黨國有企業基層組織工作條例(試行)》) and other provisions. The leading group of the Party Committee of the Company consists of 5 to 9 members, including 1 secretary of the Party Committee of the Company, and 1 secretary of the Party Commission for Discipline Inspection of the Company.</u></p>

Existing articles	Amended articles
<p><b>Article 208</b> The Party Organization of the Company shall play a core role in leadership and politics, and shall lead the general direction, control the general situation and ensure successful implementation. The Party Organization of the Company shall resolutely and thoroughly implement the theories, directions, principles and policies of the Party to ensure that the Company stays on the right track of reform and development. The Party Organization of the Company shall discuss major issues and focus on main points to strengthen collective leadership, promote scientific decision-making, as well as promote the Company's comprehensive fulfillment of economic, political and social responsibilities. Through the Party's supervision of officials and talents, the Company strengthens corporate leadership and staff capabilities to ensure a talent pool is created for corporate reform and development. With a focus on building a strong foundation through training of rank-and-file staff, the Party Organization of the Company shall give full play to the role of the grass-root Party Organizations as strongholds as well as the pioneer and exemplary roles of Party members, and lead the mass organizations by stepping up its efforts in ideological and political works to push ahead the implementation of various works and tasks with concerted efforts. Through the implementation of the principal responsibility and supervision responsibility system, the Party Organization of the Company shall reinforce the work in relation to the construction of the Party's work style and its clean and honest administration as well as anti-corruption with a view to rectifying work style and discipline as well as preventing risks at the same time.</p>	<p><del><b>Article 208</b> The Party Organization of the Company shall play a core role in leadership and politics, and shall lead the general direction, control the general situation and ensure successful implementation. The Party Organization of the Company shall resolutely and thoroughly implement the theories, directions, principles and policies of the Party to ensure that the Company stays on the right track of reform and development. The Party Organization of the Company shall discuss major issues and focus on main points to strengthen collective leadership, promote scientific decision-making, as well as promote the Company's comprehensive fulfillment of economic, political and social responsibilities. Through the Party's supervision of officials and talents, the Company strengthens corporate leadership and staff capabilities to ensure a talent pool is created for corporate reform and development. With a focus on building a strong foundation through training of rank and file staff, the Party Organization of the Company shall give full play to the role of the grass-root Party Organizations as strongholds as well as the pioneer and exemplary roles of Party members, and lead the mass organizations by stepping up its efforts in ideological and political works to push ahead the implementation of various works and tasks with concerted efforts. Through the implementation of the principal responsibility and supervision responsibility system, the Party Organization of the Company shall reinforce the work in relation to the construction of the Party's work style and its clean and honest administration as well as anti-corruption with a view to rectifying work style and discipline as well as preventing risks at the same time. The</del></p>

Existing articles	Amended articles
	<p><u>Party Committee of the Company shall establish committees at grassroots level, committees under the general branch, branch committees of the Party by hierarchy, establish and improve party affairs work institutions, and equip party affairs staff in accordance with the relevant provisions. The Party Organization of the Company conducts regular general election in accordance with the Regulations on the Election of Grass-root Organizations of the Communist Party of China (《中國共產黨基層組織選舉工作條例》).</u></p>



Existing articles	Amended articles
<p><b>Article 209</b> The Company shall establish and improve relevant rules and regulations, which shall explicitly separate the responsibilities of the Party Committee of the Company and the general meeting, board of directors, supervisory committee and the management, and include the organizational mechanism, division of duties, staffing, tasks and budget of the Party Committee of the Company into the management structure, the management system and scope of duties, establishing an effectively balanced corporate governance mechanism with separating duties and responsibilities as well as coordinating operation.</p>	<p><b>Article 209</b> <del>The Company shall establish and improve relevant rules and regulations, which shall explicitly separate the responsibilities of the Party Committee of the Company and the general meeting, board of directors, supervisory committee and the management, and include the organizational mechanism, division of duties, staffing, tasks and budget of the Party Committee of the Company into the management structure, the management system and scope of duties, establishing an effectively balanced corporate governance mechanism with separating duties and responsibilities as well as coordinating operation.</del> <u>The Party Committee of the Company shall lead the general direction, control the general situation and ensure successful implementation, discussing and deciding on major company matters in accordance with regulations. Major business and management matters shall be studied and discussed by the Party organization before the board of directors or the management makes a decision. The main responsibilities are:</u></p> <p>(I) <u>To strengthen the political construction of the Company’s Party, adhere to and implement the fundamental, basic and important systems of socialism with Chinese characteristics, educate and guide all Party members to always maintain a high degree of consistency with the central committee of the Party with Comrade Xi Jinping at the core in terms of political stance, political direction, political principles and political path;</u></p>

Existing articles	Amended articles
	<p>(II) <u>to thoroughly study and implement Xi Jinping thought on socialism with Chinese characteristics in the new era, thoroughly implement the Party's line, principles and policies, as well as supervise and guarantee the implementation of major strategy deployments of the Party Central Committee and the resolutions of the Party organization at higher levels in the Company, promote the Company's responsibility and mission, focus on the main responsibility, the main business, and service major national and provincial strategies to fully fulfill economic, political, and social responsibilities;</u></p> <p>(III) <u>to investigate and discuss the significant operation and management matters of the Company and support the General Meeting of Shareholders, the Board of Directors, the Supervisory Committee and the management to exercise their rights and perform their duties in accordance with the laws;</u></p> <p>(IV) <u>to strengthen the leadership and gate keeping role in the process of selection and appointment of personnel of the Company, and the building of the leading team, the cadres team and talents team of the Company;</u></p>

Existing articles	Amended articles
	<p>(V) <u>to undertake the main responsibility of overall and strict governance of the Party, lead and support the discipline inspection and supervision agencies to fulfill their supervisory responsibilities, to strict political discipline and political rules, and to promote the overall and strict governance of the Party to the grassroots extension;</u></p> <p>(VI) <u>to strengthen the building of the Party on the style of work, strictly follow the spirit of the eight requirements of the central government, and resolutely oppose the “formalism, bureaucracy, hedonism and extravagance”, especially formalism and bureaucracy;</u></p> <p>(VII) <u>to strengthen the building of primary-level Party organizations and of its contingent of Party members, and unite and lead employees company-wide to devote themselves into the reform and development of the Company;</u></p> <p>(VIII) <u>to lead the Company’s ideological and political work, the spirit and civilization progress, the united front work and lead the Labour Union, Communist Youth League and other mass organizations of the Company.</u></p>

Existing articles	Amended articles
<p><i>Article 210</i> The Company shall establish a decision-making mechanism of the Party Committee, which shall explicitly set out the scope and procedures for the decision-making and participation in decision-making on major issues by the Party Committee of the Company. Study and discussion by the Party Committee of the Company are the preceding procedures for decision-making on major issues by the board of directors and the management. Major operational and administrative issues must first be studied and discussed by the Party Committee of the Company, and then be decided by the board of directors or the management.</p>	<p><i>Article 210</i> The Company shall establish a decision-making mechanism of the Party Committee, which shall explicitly set out the scope and procedures for the decision-making and participation in decision-making on major issues by the Party Committee of the Company. Study and discussion by the Party Committee of the Company are the preceding procedures for decision-making on major issues by the board of directors and the management. Major operational and administrative issues must first be studied and discussed by the Party Committee of the Company, and then be decided by the board of directors or the management. <u>The Party Committee of the Company shall strictly controls the authorization decision-making plan of the board of directors to prevent unauthorized or excessive authorization. The party committee generally does not conduct preliminary research and discussion on decision-making matters authorized by the board of directors to chairman and management.</u></p>

Existing articles	Amended articles
<p><b>Article 211</b> The decision-making of the Party Committee of the Company shall adhere to collective leadership, a democratic centralism, individual deliberation and decision by meeting. Major issues shall be fully negotiated, and decisions shall be made scientifically, democratically and in accordance with laws.</p>	<p><b>Article 211</b> <del>The decision-making of the Party Committee of the Company shall adhere to collective leadership, a democratic centralism, individual deliberation and decision by meeting. Major issues shall be fully negotiated, and decisions shall be made scientifically, democratically and in accordance with laws.</del> <u>Adhere to and improve the “two-way entry, cross-appointment” leadership system, eligible members of the Party Committee team can enter the Board of Directors and the management team through legal procedures, the members of Board of Directors and the management team of eligible Party members can enter the Party Committee in accordance with relevant regulations and procedures. The secretary of the Party Committee and chairman of the Company are generally served by one person.</u></p>

Save as disclosed above, the contents of the other articles of the Articles of Association remain unchanged. The Articles of Association is prepared in Chinese with no official English version. Any English translation is for reference only. In the event of any inconsistency, the Chinese version shall prevail.

The Board considers that the Proposed Amendments are in the interests of the Company and the Shareholders as a whole.

The Proposed Amendments are subject to the consideration and approval by the Shareholders at the EGM.

### (3) CHANGE OF AUDITORS

In light of the Proposed Adoption, on July 17, 2023, the Board has resolved not to re-appoint KPMG as the auditor of the Company at the EGM. The audit committee of the Company (the “**Audit Committee**”) received a letter from KPMG advising that there are no matters in respect of the circumstances leading to their cessation as the Company's auditor that in their opinion need to be reported to the Board and the Audit Committee. The Board and the Audit Committee confirmed that there are no disagreements or unresolved matters between the Company and KPMG, and there are no other matters or circumstances in respect of the retirement of KPMG which should be brought to the attention of the Shareholders and the Company's creditors.

The Board would like to take this opportunity to express its gratitude to KPMG for its professional services during its tenure of office.

Based on the tender result after the completion of the public tender procedure and with the recommendation from the Audit Committee, the Board has further resolved that Da Hua Certified Public Accountants (Special General Partnership) (大華會計師事務所 (特殊普通合夥)) (“**Da Hua**”) be proposed to be appointed as the new auditor of the Company (the “**Proposed Appointment**”) and to hold office until the conclusion of the next annual general meeting of the Company, subject to the approval of the Shareholders by way of an ordinary resolution at the EGM pursuant to Article 203 of the Articles of Association.

Da Hua is one of the approved mainland China accounting firms eligible for acting as auditors of the companies incorporated in the PRC whose shares are listed on the Stock Exchange.

The Board considers that the Proposed Appointment is in the interests of the Company and the Shareholders as a whole.

## **Closure of Register of Members**

The Company will convene and hold the EGM on Thursday, August 3, 2023 for the Shareholders to consider and, if thought fit, approve the Proposed Amendments and the Proposed Appointment. The register of members of the Company will be closed from Monday, July 31, 2023 to Thursday, August 3, 2023, both days inclusive, during which period no transfer of the Company's shares will be effected. For a shareholder to be eligible for attending and voting at the EGM, all share transfer documents accompanied by the relevant share certificates and other appropriate documents must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, 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, PRC (for domestic shareholders) no later than 4:30 p.m. on Friday, July 28, 2023 for registration.

A circular containing, among other matters, details of the Proposed Amendments and the Proposed Appointment together with the notice of the EGM, will be despatched to the Shareholders in due course.

## **(4) UPDATE ON GROSS PROCEEDS FROM THE GLOBAL OFFERING**

As disclosed in the prospectus of the Company dated June 27, 2022, the total amount of listing expenses borne by the Company in connection with the global offering of the Company (the "**Global Offering**") will be deducted from the gross proceeds received from the Global Offering. As the Company has pre-paid part of such listing expenses by using its internal resources, the Company intends to convert the corresponding part of the gross proceeds (being the remaining amount of gross proceeds originally intended for payment of listing expenses in the amount of HK\$46.1 million) (taking into account the interests and exchange revenues) as general working capital of the Company.

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

Jinan, the PRC, July 17, 2023

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