

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.

First Service Holding Limited

第一服务控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2107)

CHANGE IN USE OF PROCEEDS

References are made to (i) the prospectus of First Service Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated October 12, 2020 (the “**Prospectus**”) in relation to the listing of the Shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Listing**”); (ii) the announcement of the Company dated June 10, 2022 in relation to the change in use of proceeds (the “**Announcement**”); and (iii) the updates regarding the utilization of proceeds in connection with the Listing set out in the interim report of the Company for the six months ended June 30, 2023. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus.

CHANGE IN USE OF PROCEEDS

The net proceeds from the Global Offering amounted to approximately HK\$571.2 million, and have been applied in accordance with the intended use of the proceeds as set out in (i) the section headed “Future Plans and Use of Proceeds” of the Prospectus and (ii) the Announcement.

As of the date of this announcement, the Group has used approximately HK\$395.5 million of the net proceeds from the Global Offering. On December 27, 2023, the Board has resolved to change the use of net proceeds as follows:

Original intended use of net proceeds as disclosed in the Announcement	Revised intended use of net proceeds	Original percentage of net proceeds as disclosed in the Announcement (%)	Revised percentage of net proceeds (%)	Net proceeds for the original intended use as disclosed in the Announcement	Net proceeds for the revised intended use <i>(In HK\$ millions)</i>	Net proceeds actually utilized for the revised intended use as of the date of this announcement	Unutilized net proceeds as of the date of this announcement	Timeframe for the unused balance
Strategic acquisitions or investments in property management companies	Strategic acquisitions or investments in property management companies and market expansion	50.0	38.0	285.6	217.1	205.8	11.3	By the end of 2026
Distribute to the Shareholders by way of cash dividend		20.0		114.2				
Payment of the final dividend for the year ended December 31, 2021	Distribute to the Shareholders by way of cash dividend	11.9	32.0	67.7	182.8	97.7	85.1	By the end of 2026
Payment of dividend in the upcoming financial years		8.1		46.5				
Research and develop green technologies		5.0		28.6				
Upgrade AIRDINO No. 1 and No. 2		1.0		5.7				
Upgrade AIRDINO No. 3		2.0		11.4				
Research cross-seasonal energy storage capabilities in connection with ground-source heat pump systems	Research and develop green technologies	0.75	—	4.3	—	—	—	—
Research automated means of operating energy stations through IoT systems, big data and AI technologies		1.25		7.1				
Develop our intelligent community and enhance our information technology systems	Develop our intelligent community and enhance our information technology systems	10.0	10.0	57.1	57.1	11.0	46.1	By the end of 2026
Upgraded our internal systems	Upgraded our internal systems	2.8	2.8	16.0	16.0	3.2	12.8	By the end of 2026
Develop our intelligent community	Develop our intelligent community	7.2	7.2	41.1	41.1	7.8	33.3	By the end of 2026

Original intended use of net proceeds as disclosed in the Announcement	Revised intended use of net proceeds	Original percentage of net proceeds as disclosed in the Announcement (%)	Revised percentage of net proceeds (%)	Net proceeds for the original intended use as disclosed in the Announcement	Net proceeds for the revised intended use as of the date of this announcement	Net proceeds actually utilized for the revised intended use as of the date of this announcement	Unutilized net proceeds as of the date of this announcement	Timeframe for the unused balance
Attracting and nurturing talent		5.0		28.6				
Expand hiring and recruitment initiatives under our “Talented Leaders Scheme” (將才計劃) and “Talented Apprentice Scheme” (匠才生計劃)	Implementation of the “five talents” strategy (五才戰略) and other employee expenses	4.175	10.0	23.9	57.1	23.9	33.2	By the end of 2026
Supplement our existing training programs		0.825		4.7				
General business operations and working capital	General business operations and working capital	10.0	10.0	57.1	57.1	57.1	—	By the end of 2026
Total		100.0	100.0	571.2	571.2	395.5	175.7	

Note:

The figures in the table are approximate figures and are subject to rounding adjustments.

REASONS FOR AND BENEFITS OF CHANGE IN USE OF PROCEEDS

Strategic acquisitions or investments in property management companies and market expansion

Due to the adverse impact of the general downturn of the real estate industry in the PRC and the COVID-19 outbreak, the Company has not identified other suitable acquisition targets since the acquisitions of Dalian Yahang Property Management Co., Ltd.* (大連亞航物業管理有限公司) and Qingdao Luohang Enterprises Management Co., Ltd* (青島洛航企業管理有限公司) in March 2021. The Company has therefore turned its focus on deep cultivation in core cities, thereby enlarging servicing areas through regional based expansion, in order to seize existing market opportunities. Therefore, as to proceeds allocated for strategic acquisitions or investments in property management companies, the Board has resolved to continue to identify new opportunities for business development and revise the scope of usage for the proceeds to “strategic acquisitions or investments in property management companies and market expansion”, whilst reducing the proportion of proceeds allocated to such use from 50.0% to 38.0% as a result of the Company’s strategic adjustments.

The Company will continue to monitor market developments. In the event that suitable business opportunities arise, the Company may fund the acquisition with its internal resources should there be insufficient unutilized net proceeds.

Distribute to the Shareholders by way of cash dividend

As to proceeds for distribution to the Shareholders by way of cash dividend, with a view to improving the efficiency in the use of the Company's idle raised proceeds and increasing investors and Shareholders' confidence in the Company's development, the proportion of proceeds will be increased from 20.0% to 32.0%.

Research and develop green technologies

As a result of the adverse impact of the general downturn of the real estate industry in the PRC, there has been reduction in business scale of the Company's green living solution business line, in particular, system installation services and sales of AIRDINO systems. The Company strategically devoted fewer resources into the system installation services and sales of AIRDINO systems in order to cope with the changing market environment and improve cash flow. As a result, in relation to proceeds for research and development of green technologies, the Board has resolved to change the use of proceeds which was originally intended to be used to research and develop green technologies and remained unutilized as of December 27, 2023, to be used to implement the "five talents" strategy. As to energy operation services as a part of green living solutions, the Company continues to strive to expand its business scale by upgrading the Green Cloud Platform and renovating energy stations to improve the operation level and reduce energy consumption, so as to provide customers with a more technological, comfortable and energy-saving living experience. The Board is of the view that energy operation services require gradual and long-term investment, therefore it is more appropriate for the Company to utilize its internal funds rather than the unutilized net proceeds in order to make adjustments in accordance with the development of the market and the needs of the business.

Implementation of the "five talents" strategy (五才戰略) and other employee expenses

The Company believes that the long-term sustainable development of employees is an important factor to the long-term growth of the Group's performance. The Company will actively practice the "five talents" strategy, attracting and recruiting professional managerial and operational talent, strengthening the construction and cultivation of the talent pool, continuously promoting training and professional enhancement, stimulating the vitality of the organization and the talents, thereby building a sustainable growth team, and establishing new energy for the development of the Company. The Board has therefore resolved to revise the scope of usage for the proceeds allocated to talent recruitment to "implementation of the 'five talents' strategy and other employee expenses" and increase

the proportion of proceeds allocated to attracting and nurturing talent from 5.0% to 10.0%. The Board is of the view that increasing the proportion of proceeds in nurturing talent will be beneficial to the Company's long-term development.

The Board is of the view that there are no material changes in the nature of business objectives as set out in the Prospectus and that the change in use of net proceeds is in the interests of the Company and its Shareholders as a whole.

By order of the Board
First Service Holding Limited
Zhang Peng
Chairman

Hong Kong, December 27, 2023

As at the date of this announcement, our executive Directors are Mr. Liu Peiqing, Mr. Jin Chungang and Ms. Zhu Li, our non-executive Directors are Mr. Zhang Peng and Mr. Long Han, and our independent non-executive Directors are Ms. Sun Jing, Mr. Cheng Peng and Mr. Chen Sheng.

** For identification purposes only*