

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)

UPDATE ANNOUNCEMENT
PERFORMANCE GUARANTEES
IN RELATION TO
THE ACQUISITION OF QINGDAO LUOHANG ENTERPRISES
MANAGEMENT CO., LTD*

Reference is made to the announcement (the “**Announcement**”) of First Service Holding Limited (the “**Company**”) dated April 19, 2024 in respect of, among others, the performance guarantees in relation to the acquisition of Qingdao Luohang Enterprises Management Co., Ltd* (青島洛航企業管理有限公司). Unless otherwise specified, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

The Board would like to provide further information as follows:

PERFORMANCE GUARANTEES IN RELATION TO THE ACQUISITION OF QINGDAO LUOHANG

As disclosed in the announcements of the Company dated August 1, 2023, November 20, 2023 and April 19, 2024 in relation to, among others, the updates on the performance guarantees under the Equity Transfer Agreements in relation to the Acquisition (the “**Performance Guarantee Update Announcements**”), parties to the Equity Transfer Agreements were in the course of negotiation with respect to the final adjustment to the Balance of Consideration. Based on the financial information of Shangcheng Property as disclosed in the Performance Guarantee Update Announcements, the Balance of Consideration has been adjusted from RMB22,680,000 to approximately RMB8,214,753.24, having deducted the sum of (i) 13% of the difference between the Guaranteed Revenue and the actual revenue of Shangcheng Property and (ii) the difference between RMB15,000,000 and the actual net profit of Shangcheng Property, both of which being recorded during each year of the Performance Undertaking Period.

As of the date of this announcement, the Company and the counterparties to the Equity Transfer Agreements are still negotiating on the final adjustment to the Balance of Consideration.

DISPOSAL OF RECEIVABLES OWED TO SHANGCHENG PROPERTY

As disclosed in the announcement of the Company dated November 20, 2023 in relation to, among others, the disposal of receivables owed to Shangcheng Property (the “**Disposal of Receivables Announcement**”), Ms. Wang Zhilan (“**Ms. Wang**”) agreed to purchase from Shangcheng Property receivables owed to Shangcheng Property in the aggregate sum of RMB18,325,200 at a consideration equal to its face value of RMB18,325,200 (the “**Receivables Consideration**”). As disclosed in the Disposal of Receivables Announcement, the Receivables Consideration shall be paid by Ms. Wang on or before February 29, 2024 in cash, and Weihai Shangcheng has guaranteed the performance of Ms. Wang’s payment obligation in respect of the Receivables Consideration.

Ms. Wang Li (the sole beneficial owner of Vendor I) on behalf of Vendor I, Ms. Wang Yongjuan (the sole beneficial owner of Vendor II) on behalf of Vendor II, the Purchaser, Weihai Shangcheng, Ms. Wang and Shangcheng Property agreed that the Purchaser shall have the right to deduct the unpaid Receivables Consideration payable by Ms. Wang to the Purchaser from the Balance of Consideration and such deduction shall be deemed as the discharge of the payment obligations on the part of the Purchaser to pay the Balance of Consideration to the Vendors under the Equity Transfer Agreements.

Since February 29, 2024 and up to the date of this announcement, neither Ms. Wang nor Weihai Shangcheng has paid the Receivables Consideration to Shangcheng Property. Therefore, pursuant to the Supplemental Agreement II (as defined in the Disposal of Receivables Announcement), (i) the Purchaser shall have the right to deduct such unpaid amount from the Balance of Consideration, which shall be payable by the Purchaser to the Vendors on March 31, 2024 pursuant to the Equity Transfer Agreements, and (ii) Shangcheng Property shall have the right to deduct any unpaid amount from the profit distributable to Weihai Shangcheng. During the three years ended December 31, 2023, the profit distributable to Weihai Shangcheng amounted to approximately RMB8,731,103.09.

OVERALL OUTSTANDING AMOUNT OWED BY MS. WANG TO THE GROUP

In light of the above, the overall outstanding amount owed by Ms. Wang to the Group is tabulated as follows:

Item	RMB
Receivables Consideration payable by Ms. Wang to the Group	18,325,200.00
<i>minus</i>	
Balance of Consideration payable by the Group to the Vendors	(8,214,753.24)
Profit distributable to Weihai Shangcheng for the three years ended December 31, 2023	<u>(8,731,103.09)</u>
	<u>1,379,343.67</u>

As a result, the overall outstanding amount owed by Ms. Wang to the Group is RMB1,379,343.67 as of the date of this announcement, which is subject to further changes as the negotiation with the relevant parties continues.

RECOVERY ACTIONS TO BE TAKEN BY THE GROUP

Pursuant to the terms of the Supplemental Agreement II, since February 29, 2024 and up to the date of this announcement, as neither Ms. Wang nor Weihai Shangcheng has paid the Receivables Consideration to Shangcheng Property, Shangcheng Property shall have the right to deduct any unpaid amount from the profit distributable to Weihai Shangcheng from the unpaid Receivables Consideration.

The Company will recover the overall outstanding amount owed by Ms. Wang to the Group by exercising its contractual right under the Supplemental Agreement II to deduct the outstanding amount from the future profit distributions to Weihai Shangcheng. Accordingly, the Company is of the view that it will be compensated according to the original terms of the Equity Transfer Agreements.

As the Company and Ms. Wang are still under negotiation regarding the overall outstanding amount owed by Ms. Wang to the Group, the Company is unable to provide a definitive timeline for the conclusion of such negotiations. Subject to any further developments in the

negotiation process, the Company intends to conclude the negotiation on or before December 31, 2024, and will publish further announcement(s) as and when there are any material developments.

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

Hong Kong, July 22, 2024

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, Mr. Long Han and Mr. Wang Ziming, and our independent non-executive Directors are Ms. Sun Jing, Mr. Cheng Peng and Mr. Chen Sheng.

* *For identification purpose only*