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## **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)**

## **ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024**

### **HIGHLIGHTS**

- Revenue for the six months ended 30 June 2024 amounted to RMB658.6 million, representing an increase of approximately 9.7% as compared to that of RMB600.2 million for the same period in 2023. Among which, revenue from property management services was RMB470.0 million, representing a period-over-period increase of approximately 13.1%, and revenue from value-added services was RMB111.4 million, representing a period-over-period increase of approximately 2.8%.
- Gross profit for the six months ended 30 June 2024 amounted to RMB180.9 million, representing an increase of approximately 6.9% as compared to that of approximately RMB169.2 million for the same period in 2023.
- Gross profit margin for the six months ended 30 June 2024 was approximately 27.5%. Among which, gross profit margin of property management services was approximately 25.5%, and gross profit margin of value-added services was approximately 38.5%.
- Profit for the six months ended 30 June 2024 amounted to RMB47.3 million, representing an increase of approximately 6.5% as compared to RMB44.4 million for the same period in 2023. Excluding the impact of expected credit loss on trade receivables and contract assets, the profit for the six months ended 30 June 2024 was RMB84.3 million, representing a period-over-period increase of approximately 16.5%.
- As of 30 June 2024, the Group's total gross floor area ("GFA") under management amounted to approximately 73.9 million sq.m., representing a period-over-period increase of approximately 39.3%, among which, approximately 70.7% were sourced from third parties. As of 30 June 2024, the Group's contracted GFA was approximately 84.6 million sq.m., representing a period-over-period increase of approximately 14.1%, among which, approximately 68.7% were sourced from third parties.

The board (the “**Board**”) of directors (the “**Directors**”) of First Service Holding Limited (第一服务控股有限公司) (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024, together with comparative figures for the six months ended 30 June 2023.

In this announcement, “we”, “us”, “our” and “First Service Holding” refer to the Company and where the context otherwise requires, the Group.

## **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2024 — unaudited*

*(Expressed in Renminbi (“**RMB**”))*

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2024</b>	2023
		<b><i>RMB’000</i></b>	<b><i>RMB’000</i></b>
<b>Revenue</b>	3	<b>658,565</b>	600,198
Cost of sales		<u><b>(477,699)</b></u>	<u>(430,955)</u>
<b>Gross profit</b>		<b>180,866</b>	169,243
Other net income	4	<b>11,559</b>	7,592
Selling expenses		<b>(8,467)</b>	(7,723)
Administrative expenses		<b>(85,552)</b>	(85,292)
Expected credit loss (“ <b>ECL</b> ”) on trade receivables and contract assets		<b>(36,969)</b>	(27,961)
Finance costs		<b>(81)</b>	(165)
Share of loss of associates		<b>(377)</b>	(401)
Share of loss of a joint venture		<u><b>—</b></u>	<u>(5)</u>
<b>Profit before taxation</b>	5	<b>60,979</b>	55,288
Income tax	6	<u><b>(13,649)</b></u>	<u>(10,862)</u>
<b>Profit for the period</b>		<u><b>47,330</b></u>	<u>44,426</u>

	<b>Six months ended 30 June</b>	
<i>Note</i>	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Other comprehensive income for the period</b>		
<b>(after tax and reclassification adjustments)</b>		
Item that will not be reclassified to profit or loss:		
Equity investment at fair value through other		
comprehensive income (“FVOCI”) — net		
movement in fair value reserves (non-recycling)	(538)	(234)
Item that are or may be reclassified subsequently to		
profit or loss:		
Exchange differences on translation of financial		
statements of foreign operations	<u>1,167</u>	<u>6,918</u>
<b>Other comprehensive income for the period</b>	<u>629</u>	<u>6,684</u>
<b>Total comprehensive income for the period</b>	<u>47,959</u>	<u>51,110</u>
<b>Profit attributable to:</b>		
Equity shareholders of the Company	37,284	36,976
Non-controlling interests	<u>10,046</u>	<u>7,450</u>
<b>Profit for the period</b>	<u>47,330</u>	<u>44,426</u>
<b>Total comprehensive income attributable to:</b>		
Equity shareholders of the Company	37,913	43,660
Non-controlling interests	<u>10,046</u>	<u>7,450</u>
<b>Total comprehensive income for the period</b>	<u>47,959</u>	<u>51,110</u>
<b>Earnings per share</b>	7	
Basic and diluted ( <i>RMB</i> )	<u>0.0362</u>	<u>0.0376</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024 — unaudited

(Expressed in RMB)

	<i>Note</i>	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
<b>Non-current assets</b>			
Investment properties		15,663	15,350
Property and equipment		25,430	18,784
Intangible assets		33,316	36,223
Right-of-use assets		3,888	–
Goodwill		179,836	179,836
Interest in a joint venture		25	25
Interest in associates		3,680	3,996
Other financial assets		4,002	4,718
Other non-current assets		7,387	1,887
Deferred tax assets		52,150	44,730
		<u>325,377</u>	<u>305,549</u>
<b>Current assets</b>			
Inventories		1,837	1,611
Contract assets		1,611	2,727
Trade and other receivables	8	637,427	571,196
Financial assets measured at fair value through profit or loss (“FVPL”)		405,911	56,067
Restricted cash		13,185	24,614
Cash and cash equivalents		330,881	509,829
Other current assets		343	343
		<u>1,391,195</u>	<u>1,166,387</u>

		At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
<b>Current liabilities</b>			
Trade and other payables	9	445,502	404,595
Contract liabilities		292,135	302,975
Current taxation		12,618	11,105
Contingent consideration		13,210	30,546
Lease liabilities		71	–
Other financial liabilities		219,664	–
		<u>983,200</u>	<u>749,221</u>
<b>Net current assets</b>		<u>407,995</u>	<u>417,166</u>
<b>Total assets less current liabilities</b>		<u>733,372</u>	<u>722,715</u>
<b>Non-current liabilities</b>			
Lease liabilities		865	–
Deferred tax liabilities		9,393	8,845
		<u>10,258</u>	<u>8,845</u>
<b>NET ASSETS</b>		<u>723,114</u>	<u>713,870</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	10(b)	2	1
Reserves		657,566	657,489
<b>Total equity attributable to equity shareholders of the Company</b>		<u>657,568</u>	<u>657,490</u>
<b>Non-controlling interests</b>		<u>65,546</u>	<u>56,380</u>
<b>TOTAL EQUITY</b>		<u>723,114</u>	<u>713,870</u>

## NOTES TO UNAUDITED INTERIM RESULTS

### 1. BASIS OF PREPARATION

This unaudited interim results have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), including compliance with International Accounting Standard (“**IAS**”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“**IASB**”).

The Company was incorporated in the Cayman Islands on 20 January 2020 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s shares were listed on the Main Board of the Stock Exchange on 22 October 2020.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

### 2. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRS Accounting Standards as issued by the IASB to this interim financial report for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“2020 amendments”)
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“2022 amendments”)
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures — Supplier finance arrangements*

None of these developments have had a material effect on how the Group’s results and financial position for the current period have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3. REVENUE AND SEGMENT REPORTING

The principal activities of the Group are property management services, services in the area of green living solutions and value-added services.

#### (a) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

For property management services and energy operation services under the service line of green living solutions, the Group recognises revenue on a monthly basis in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed. The Group has elected the practical expedient for not to disclose the remaining performance obligations for this type of contracts. The majority of the property management service contracts and energy operation services under the service line of green living solutions do not have a fixed term.

For sale of goods under the service line of green living solutions, there is no significant unsatisfied performance obligation at the end of the reporting period.

For other services, they are rendered in short period of time and there is no significant unsatisfied performance obligation at the end of the reporting period.

#### (b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments.

- **First Property Management:** this segment provides property management services, energy operation services under the service line of green living solutions and value-added services.
- **First Living:** this segment provides system installation services, sale of goods, and energy operation services under the service line of green living solutions.

##### (i) *Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible and intangible assets, current assets, interests in associates and joint ventures, investments in financial assets and deferred tax assets. Segment liabilities include trade creditors and accruals and contract liabilities attributable to the revenue generating activities of the individual segment and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Assistance provided by one segment to the other, including sharing of assets and technical know-how, is not measure.

The measure used for reporting segment profit is profit before tax.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, disaggregation of revenue from contracts with customers by major products and service lines, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2024 and 2023 is set out below.

	<b>First Property Management</b>		<b>First Living</b>		<b>Total</b>	
<b>For the six months ended 30 June</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Disaggregated by timing of revenue recognition</b>						
Revenue recognised over time	<b>634,428</b>	584,166	<b>18,073</b>	19,289	<b>652,501</b>	603,455
Revenue recognised at point in time	<b>6,183</b>	809	<b>6,567</b>	1,886	<b>12,750</b>	2,695
<b>Reportable segment revenue</b>	<b><u>640,611</u></b>	<u>584,975</u>	<b><u>24,640</u></b>	<u>21,175</u>	<b><u>665,251</u></b>	<u>606,150</u>
<b>Disaggregated by major products or service lines</b>						
— Property management services	<b>470,082</b>	415,602	–	–	<b>470,082</b>	415,602
— Green living solutions	<b>59,133</b>	61,024	<b>24,640</b>	21,175	<b>83,773</b>	82,199
— Value-added services	<b>111,396</b>	108,349	–	–	<b>111,396</b>	108,349
<b>Reportable segment revenue</b>	<b><u>640,611</u></b>	<u>584,975</u>	<b><u>24,640</u></b>	<u>21,175</u>	<b><u>665,251</u></b>	<u>606,150</u>



For the six months ended 30 June	First Property Management		First Living		Total	
	2024	2023	2024	2023	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Reportable segment profit/(loss)</b>	<b>57,612</b>	57,546	<b>551</b>	(3,015)	<b>58,163</b>	54,531
Interest income	<b>666</b>	2,649	<b>7</b>	15	<b>673</b>	2,664
Interest expense	<b>47</b>	76	<b>34</b>	89	<b>81</b>	165
Depreciation and amortisation for the period	<b>5,593</b>	4,675	<b>309</b>	189	<b>5,902</b>	4,864
ECL — trade receivables and contract assets	<b>37,417</b>	25,437	<b>(448)</b>	2,524	<b>36,969</b>	27,961
<b>As at 30 June/ 31 December</b>						
<b>Reportable segment assets</b>	<b>1,308,378</b>	1,280,813	<b>107,107</b>	113,813	<b>1,415,485</b>	1,394,626
<b>Reportable segment liabilities</b>	<b>716,938</b>	732,338	<b>81,150</b>	88,234	<b>798,088</b>	820,572

(ii) *Reconciliations of reportable segment revenues, profit or loss, assets and liabilities*

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>		
Reportable segment revenue	<b>665,251</b>	606,150
Elimination of inter-segment revenue	<b>(6,686)</b>	(5,952)
Consolidated revenue	<b>658,565</b>	600,198

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Reportable segment profit</b>		
Reportable segment profit	<b>58,163</b>	54,531
Unallocated head office and corporate profit before taxation	<b>2,571</b>	648
Elimination of inter-segment profit	<b>245</b>	109
	<hr/>	<hr/>
Consolidated profit before taxation	<b>60,979</b>	55,288
	<hr/> <hr/>	<hr/> <hr/>
	<b>At 30 June</b>	At 31 December
	<b>2024</b>	2023
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Assets</b>		
Reportable segment assets	<b>1,415,485</b>	1,394,626
Unallocated head office and corporate assets	<b>696,089</b>	470,517
Elimination of inter-segment balances	<b>(395,002)</b>	(393,207)
	<hr/>	<hr/>
Consolidated total assets	<b>1,716,572</b>	1,471,936
	<hr/> <hr/>	<hr/> <hr/>
	<b>At 30 June</b>	At 31 December
	<b>2024</b>	2023
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Liabilities</b>		
Reportable segment liabilities	<b>798,088</b>	820,572
Unallocated head office and corporate liabilities	<b>257,568</b>	11
Elimination of inter-segment balances	<b>(62,198)</b>	(62,517)
	<hr/>	<hr/>
Consolidated total liabilities	<b>993,458</b>	758,066
	<hr/> <hr/>	<hr/> <hr/>

#### 4. OTHER NET INCOME

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Interest income	(i)	<b>3,779</b>	2,664
Government grants	(ii)	<b>6,157</b>	6,795
Net realised gains on financial assets measured at FVPL		<b>426</b>	448
Fair value gain of investment properties		<b>313</b>	50
Net valuation gain on financial assets measured at FVPL		<b>899</b>	755
Net gains/(losses) on disposal of property and equipment		<b>12</b>	(17)
Losses on disposal of subsidiaries		<b>(31)</b>	(548)
Claims and fines		<b>(460)</b>	(1,666)
Others		<b>464</b>	(889)
		<b>11,559</b>	<b>7,592</b>

*Notes:*

- (i) The interest income primarily represents the interest from cash at bank with fixed interest rates.
- (ii) The government grants represent subsidies from various PRC authorities. There are no unfulfilled conditions or future obligations attached to these subsidies.

#### 5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Amortisation cost of intangible assets	<b>2,887</b>	3,011
Depreciation charge		
— owned property and equipment	<b>2,923</b>	1,853
— right-of-use assets	<b>92</b>	—
Cost of inventories	<b>7,278</b>	820
Lease expenses		
— short-term leases	<b>669</b>	437

## 6. INCOME TAX

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
<b>Current tax — PRC Corporate Income Tax</b>		
Provision for the period	20,415	16,702
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>(6,766)</u>	<u>(5,840)</u>
	<u><b>13,649</b></u>	<u><b>10,862</b></u>

## 7. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2024 is based on the profit attributable to equity shareholders of the Company of RMB37,284,000 (six months ended 30 June 2023: RMB36,976,000) and the weighted average number of 1,030,954,000 ordinary shares (six months ended 30 June 2023: 984,597,000 ordinary shares) in issue during the interim period, calculated as follows:

	Six months ended 30 June	
	2024	2023
	<i>No. of '000 shares</i>	<i>No. of '000 shares</i>
Issued ordinary shares at 1 January	1,000,000	1,000,000
Effect of shares held by the employee share trust	(40,123)	(15,403)
Effect of consideration shares issued	<u>71,077</u>	<u>—</u>
Weighted average number of ordinary shares at 30 June	<u><b>1,030,954</b></u>	<u><b>984,597</b></u>

Diluted earnings per share were the same as the basic earnings per share as the Group had no dilutive potential shares for the six months ended 30 June 2024 and 2023.

## 8. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Trade receivables from third parties	595,612	481,270
Less: ECL allowance	<u>(197,350)</u>	<u>(155,454)</u>
	398,262	325,816
Trade receivables from related parties	174,327	184,346
Less: ECL allowance	<u>(67,045)</u>	<u>(71,434)</u>
	107,282	112,912
Total trade receivables	<u>505,544</u>	<u>438,728</u>
Prepayments	31,185	39,370
Deposits	13,300	9,298
Payments on behalf of property owners	36,600	35,324
Value-added tax prepaid	10,296	10,287
Other receivables	40,747	38,434
Less: ECL allowance for other receivables	<u>(245)</u>	<u>(245)</u>
Other receivables	<u>40,502</u>	<u>38,189</u>
	<u>637,427</u>	<u>571,196</u>

Trade receivables are primarily related to revenue generated from property management and services in the area of green living solutions.

As of the end of each reporting period, the ageing analysis of trade receivables based on the date of revenue recognition which is the same as the due date, and net of ECL allowance for trade receivables is as follows:

	<b>At 30 June</b>	At 31 December
	<b>2024</b>	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	<b>298,892</b>	244,393
1 to 2 years	<b>72,154</b>	74,587
2 to 3 years	<b>64,565</b>	66,642
3 to 4 years	<b>56,993</b>	42,617
4 to 5 years	<b>12,553</b>	9,832
Over 5 years	<b>387</b>	657
	<u><b>505,544</b></u>	<u>438,728</u>

## 9. TRADE AND OTHER PAYABLES

	<b>At 30 June</b>	At 31 December
	<b>2024</b>	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	<b>158,417</b>	142,500
Amounts due to related parties	<b>5,821</b>	13,952
Other taxes and charges payable	<b>31,014</b>	26,423
Dividends payable	<b>38,070</b>	1,372
Accrued payroll and other benefits	<b>33,027</b>	51,804
Deposits	<b>79,262</b>	78,673
Receipts on behalf of property owners	<b>66,438</b>	67,460
Other payables and accruals	<b>33,453</b>	22,411
	<u><b>445,502</b></u>	<u>404,595</u>

As of the end of each reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	<b>At 30 June</b>	At 31 December
	<b>2024</b>	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	<b>115,478</b>	97,045
1 to 2 years	<b>12,409</b>	24,737
2 to 3 years	<b>23,596</b>	15,295
Over 3 years	<b>6,934</b>	5,423
	<u><b>158,417</b></u>	<u>142,500</u>

## 10. CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

During the six months ended 30 June 2024, and due to the consideration shares issued upon the completion of the acquisition of 8% equity interest of Century Golden Resources Services Group Co., Ltd. (世紀金源服務集團有限公司), the final dividend per share declared to the shareholders of the Company for the year ended 31 December 2023 has been adjusted from HKD4.20 cents per share as stated in the annual report for the year ended 31 December 2023 to HKD3.30 cents per share in respect of the year ended 31 December 2023 (six months ended 30 June 2023: HKD3.00 cents per share). The aggregate amount of the final dividend declared during the six months ended 30 June 2024 amounted to HKD41,712,000 (equivalent to RMB37,835,000) (six months ended 30 June 2023: HKD30,000,000 (equivalent to RMB26,798,000)), which has been fully paid on 18 July 2024.

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

### (b) Share capital

	At 30 June 2024		At 31 December 2023	
	<i>No. of shares</i>	<i>RMB</i>	<i>No. of shares</i>	<i>RMB</i>
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	<b>1,000,000,000</b>	<b>1,381</b>	1,000,000,000	1,381
Consideration shares issued	<b>264,000,000</b>	<b>375</b>	–	–
	<b><u>1,264,000,000</u></b>	<b><u>1,756</u></b>	<b><u>1,000,000,000</u></b>	<b><u>1,381</u></b>

### (c) Employee share trusts

On 10 May 2021, the Board resolved to adopt a long-term incentive program (the “**Scheme**”) to eligible persons, in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

Employee share trusts are established for the purposes of awarding shares to eligible persons (including employees and directors of the Company or its subsidiaries, and advisors and agents who provide value-added services to the Company or its subsidiaries) under the Scheme. The employee share trusts are administered by the Board and the trustees and are funded by the Group’s cash contributions for buying the Company’s shares in the open market and recorded as contributions to employee share trusts, an equity component.

The trustee of the employee share trusts will transfer the shares of the Company to employees upon vesting. As at 30 June 2024, the employee share trusts has held 40,122,500 shares (31 December 2023: 40,122,500 shares). During the six months ended 30 June 2024 and 2023, no share has been granted and vested.

## **CHAIRMAN’S STATEMENT**

Dear stakeholders,

On behalf of the Board, I am pleased to present the performance review of the Group for the first half of 2024 and the development outlook for the second half of the year.

### **PERFORMANCE OVERVIEW**

Reflecting on 2023, while the risks in the property management industry continued to be cleared, property management service enterprises have proactively adapted to market changes, adjusted their operating strategies, and the industry as a whole has improved in an orderly manner. This has accumulated momentum and empowered long-term development. In 2024, property management service enterprises aligned with national policies, fully integrated into urban renewal, contributed to building livable cities, and actively participated in community governance to create better living environments, while continually optimizing service standards and iterating product systems. This marks the beginning of a new cycle focused on transforming incremental growth into quality foundations, returning to the core essence of services and enhancing corporate value.

With “Quality Building, Scale Expansion and Business Creation” as its annual goal for 2024, First Service Holding adhered to the customer-centric and quality-oriented approach, strengthened processes and standardization, improved management and service levels, and continued to provide customers with green technology and comfortable and healthy living experiences.

The Company recorded total revenue of RMB658.6 million for the first half of 2024, representing a period-over-period increase of approximately 9.7%; gross profit of RMB180.9 million, representing a period-over-period increase of approximately 6.9%; and profit for the period of RMB47.3 million, representing a period-over-period increase of approximately 6.5%, achieving solid growth.

#### **“Quality Building”**

We focused on strengthening our foundation, implementing detailed policies, and creating high-quality living spaces around the full life cycle of customer service.



### ***First Half of the Year***

In terms of quality, we have built a green community ecology, launched 270 new construction and renovation projects, replanted more than 30,000 sq.m. of seedlings, and carried out more than 3,000 “Love Our Homes — Day of Action” activities. In terms of operation, we have set up a standardized system for green operation, monitored the four constant systems in real time, adjusted operation strategies, replaced smart meters to upgrade power consumption management, and purchased green electricity to optimize the energy structure. In terms of community culture, we have built a harmonious neighborhood and held more than 1,000 “Love My Home — Community Cultural Activities”, covering all holidays and meeting the diverse needs of communities. In terms of community healthiness, we have enhanced the community’s emergency rescue capability by launching the “Love My Home — Oasis of the Heart” campaign, deploying AEDs and arranging first-aid training for a number of projects, with a cumulative total of 425 staff members having obtained the Red Cross First Aid Skills Certificate, as well as carrying out offline psychological counselling lectures and setting up psychological counselling rooms to safeguard the mental health of property owners. In addition, we have rooted the “red element” in the entire process of property management, built 75 “red foundation projects”, participated in creating 116 “red property” projects, and established 12 pilot projects of the “Tripartite Co-construction Service Model”.

### ***Second Half of the Year***

We will continue to adhere to the customer-centric and quality-oriented approach. With regard to basic services, we will continue to implement the “Quality Renewal” programme to improve the quality of the visiting route and introduce intelligent systems to enhance customer convenience and comfort. We will also set up a quality service fund and formulate a renovation plan based on customer touch points and needs. Regarding high-level services, we will arrange community cultural activities to warmly connect the neighborhood; promote the “Oasis of the Heart” activity to build up a health defence; and build “Red Properties” to explore a new service model of “co-construction, co-governance and shared benefits”.

### **“Scale Expansion”**

We focused on gathering momentum and planning for the future, making steady progress, giving full play to the green full life scene service capabilities, and promoting the long-term development of the brand.

### *First Half of the Year*

We recorded further growth in the scale of our services. As of 30 June 2024, the Group's contracted GFA was approximately 84.6 million sq.m., representing a period-over-period increase of approximately 14.1%, and the total GFA under management was approximately 73.9 million sq.m., representing a period-over-period increase of approximately 39.3%. Our business layout covers 113 cities in 25 provinces in China. Our service landscape was further balanced. As of 30 June 2024, our GFA under management for residential properties was approximately 46.0 million sq.m., representing a period-over-period increase of approximately 38.9%, and our GFA under management for non-residential properties was approximately 27.9 million sq.m., representing a period-over-period increase of approximately 39.9%. Our independence was further strengthened. As of 30 June 2024, our GFA under management from third parties was approximately 52.3 million sq.m., representing a period-over-period increase of approximately 42.3%, meanwhile, the single-year contract value with third parties had increased by approximately RMB125 million in the first half of 2024, thereby laying the foundation for scale expansion.

### *Second Half of the Year*

We will continue to adhere to scale expansion and high-quality growth. Firstly, we will focus on enhancing our internal capabilities. We will enhance our market expansion capabilities, improve the efficiency and quality of our bidding processes, elevate the comprehensive qualities of our personnel, and establish highly efficient and collaborative teams. We will also delegate project acquisition authority to seize market opportunities promptly. Secondly, we will leverage our external strengths. We will start by addressing market information gaps, deeply exploring customer resources, and strengthening collaboration with industry peers. We will also identify strategic customer targets, assign dedicated personnel to follow up with major clients, and push forward the implementation of key projects.

### **“Business Creation”**

We focused on diversified empowerment, innovation, and business creation, comprehensively promoting the construction of community life circles, and identifying new pivot points for value growth.

### ***First Half of the Year***

We continued to expand the boundaries of our business around community resources and the needs of property owners. Offline, we innovated consumption scenarios and experimented with private community operations. We used activities as a starting point, customized services as a feature, and focused on community life and family to establish diverse communities such as parent-child, education, outdoor, and sports, achieving hierarchical management of private users. Online, we upgraded the “Green Select” platform, created a multi-functional traffic hub that integrates various needs such as online shopping malls, offline shops, house rentals, content operations and exclusive butlers, and explored the implementation of the family center product model.

### ***Second Half of the Year***

We will continue to uphold our commitment to exploration, innovation, and business model upgrading. Focusing on “new space, new products, new life and new services”, we aim to further enhance our community service system. For “new space”, we will continue to develop self-operated businesses such as self-service sharing and community retail to enrich community space services. For “new products”, we will introduce regional products with special characteristics and national products with brand attributes through online shopping malls and live streaming. For “new life”, we will focus on the service needs of residents within walking distance. Using family centres as the product concept, we will lay out community embedded services. For “new services”, we will follow the trend of new psychology, new health, and new wellness. We will incubate and invest in corresponding businesses to provide value-added service products based on the family philosophy of “truly caring for every home”.

### **APPRECIATION**

The Board would like to express its sincere gratitude to the shareholders of the Company (the “**Shareholders**”), customers and suppliers of the Company for their continued support and trust. The Board would also like to thank all the employees and management team for implementing our Group’s strategies with their professionalism, integrity and dedication.

**Zhang Peng**

*Chairman*

28 August 2024

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

#### *Revenue*

We generate revenue primarily through our three business lines, namely (i) property management services, (ii) value-added services, and (iii) green living solutions. Our revenue increased by approximately 9.7% from RMB600.2 million for the six months ended 30 June 2023 to RMB658.6 million for the same period in 2024.

	For the six months ended 30 June			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	<b>469,951</b>	<b>71.4</b>	415,586	69.2
Value-added services	<b>111,396</b>	<b>16.9</b>	108,349	18.1
Green living solutions	<b>77,218</b>	<b>11.7</b>	76,263	12.7
<b>Total</b>	<b><u>658,565</u></b>	<b><u>100.0</u></b>	<b><u>600,198</u></b>	<b><u>100.0</u></b>

#### *Property Management Services*

Our property management services consist of cleaning, security, gardening, repair and maintenance services provided to property developers, property owners and residents. Revenue from property management services increased by approximately 13.1% from RMB415.6 million for the six months ended 30 June 2023 to RMB470.0 million for the same period in 2024. This increase was primarily attributable to the increase in GFA under management.

The table below sets forth a breakdown of total number of contracted property management projects/projects under management and our contracted GFA/GFA under management by property type as of the dates indicated or for the periods indicated:

	As of or for the six months ended 30 June											
	2024						2023					
	No. of contracted projects	Contracted GFA		No. of projects under management	GFA under management		No. of contracted projects	Contracted GFA		No. of projects under management	GFA under management	
		'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%
Residential properties	280	55,201	65.3	246	45,999	62.2	244	52,071	70.2	186	33,111	62.4
Non-residential properties	325	29,376	34.7	313	27,948	37.8	266	22,084	29.8	240	19,978	37.6
<b>Total</b>	<b>605</b>	<b>84,577</b>	<b>100.0</b>	<b>559</b>	<b>73,947</b>	<b>100.0</b>	<b>510</b>	<b>74,155</b>	<b>100.0</b>	<b>426</b>	<b>53,089</b>	<b>100.0</b>

In the first half of 2024, the Group focused on market expansion and quality management in order to establish more high-quality projects and scale up its business. The Group focused on the current property market and achieved steady growth in scale. As of 30 June 2024, the Group's contracted GFA and GFA under management increased by approximately 14.1% and approximately 39.3%, respectively, compared with the same period last year. Among which, the contracted GFA and the GFA under management for residential properties increased by approximately 6.0% and approximately 38.9%, respectively, compared with the same period last year, and the contracted GFA and the GFA under management for non-residential properties increased by approximately 33.0% and approximately 39.9%, respectively, compared with the same period last year. The non-residential projects served by the Group cover a wide range of high-quality property types such as government office buildings, schools, hospitals, parks, cultural and sports centres, shopping malls, logistics parks and passenger terminals.

The table below sets forth a breakdown of total number of contracted property management projects/projects under management and our contracted GFA/GFA under management, by project source as of the dates indicated or for the periods indicated:

	As of or for the six months ended 30 June											
	2024						2023					
	No. of contracted projects	Contracted GFA		No. of projects under management	GFA under management		No. of contracted project	Contracted GFA		No. of projects under management	GFA under management	
		'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%
Modern Land Group <sup>(1)</sup>	90	23,524	27.8	83	19,669	26.6	93	23,008	31.0	74	15,238	28.7
Other associates of our controlling shareholders <sup>(2)</sup>	18	2,958	3.5	13	2,012	2.7	11	3,203	4.3	10	1,129	2.1
Third parties	497	58,095	68.7	463	52,266	70.7	406	47,944	64.7	342	36,722	69.2
<b>Total</b>	<b>605</b>	<b>84,577</b>	<b>100.0</b>	<b>559</b>	<b>73,947</b>	<b>100.0</b>	<b>510</b>	<b>74,155</b>	<b>100.0</b>	<b>426</b>	<b>53,089</b>	<b>100.0</b>

Notes:

- (1) Modern Land Group means Modern Land (China) Co., Limited (當代置業(中國)有限公司) (stock code: 1107) and its subsidiaries.
- (2) Including projects sourced from other associates of our controlling shareholders (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) (excluding Modern Land Group), namely Modern Investment Group Co., Ltd., First MOMA Assets Management (Beijing) Co., Ltd. and Super Land Holdings Limited and each of their respective subsidiaries and 30%-controlled companies (as defined under the Listing Rules).

In 2024, the Group focused on strengthening its independence by expanding projects sourced from third parties. As of 30 June 2024, contracted GFA from third parties increased by approximately 21.2% compared with the same period last year, accounting for 68.7% of the total contracted GFA; GFA under management from third parties increased by approximately 42.3% compared with the same period last year, accounting for 70.7% of the total GFA under management.

### *Value-Added Services*

We primarily provide five types of value-added services to non-property owners, property owners and residents, namely (i) sales assistance services, (ii) preliminary planning and design consultancy services, (iii) parking space management services, (iv) home living services, and (v) communal area leasing services.

The following table sets forth our revenue from value-added services by service type for the periods indicated:

	<b>For the six months ended 30 June</b>			
	<b>2024</b>		<b>2023</b>	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
<b>Value-added services to non-property owners</b>				
Sales assistance services	<b>6,146</b>	<b>5.5</b>	8,327	7.7
Preliminary planning and design consultancy services	<b>1,179</b>	<b>1.1</b>	3,575	3.3
Subtotal	<b>7,325</b>	<b>6.6</b>	11,902	11.0
<b>Community value-added services</b>				
Parking space management services	<b>40,951</b>	<b>36.8</b>	37,142	34.3
Home living services	<b>54,496</b>	<b>48.9</b>	50,816	46.9
Communal area leasing services	<b>8,624</b>	<b>7.7</b>	8,489	7.8
Subtotal	<b>104,071</b>	<b>93.4</b>	96,447	89.0
<b>Total</b>	<b>111,396</b>	<b>100.0</b>	108,349	100.0

Revenue from value-added services increased by approximately 2.8% from RMB108.3 million for the six months ended 30 June 2023 to RMB111.4 million for the same period in 2024. This increase was primarily due to our expansion of engineering construction and maintenance operation businesses as a part of our home living services.

## *Green Living Solutions*

We provide green living solutions to property developers, property owners and residents, comprising (i) energy operation services, where we operate energy stations to provide central heating and cooling as an alternative to government-operated centralized heating systems; and (ii) systems installation and product sales, where we design and install energy systems to enhance indoor comfort, and sales of our self-developed AIRDINO systems, which singly combine comprehensive capabilities such as fresh air ventilation, temperature regulation, humidification control and air purification.

The following table sets forth our revenue from green living solutions by service category for the periods indicated:

	<b>For the six months ended 30 June</b>			
	<b>2024</b>		<b>2023</b>	
	<i><b>RMB'000</b></i>	<i><b>%</b></i>	<i><b>RMB'000</b></i>	<i><b>%</b></i>
Energy operation services	<b>70,642</b>	<b>91.5</b>	72,061	94.5
Systems installation and product sales	<b>6,576</b>	<b>8.5</b>	4,202	5.5
<b>Total</b>	<b>77,218</b>	<b>100.0</b>	76,263	100.0

Revenue from green living solutions remained relatively stable at RMB76.3 million and RMB77.2 million for the six months ended 30 June 2023 and 2024, respectively.

## **Cost of Sales**

Our cost of sales increased by approximately 10.8% from RMB431.0 million for the six months ended 30 June 2023 to RMB477.7 million for the same period in 2024, primarily due to business scale expansion.



## Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by approximately 6.9% from RMB169.2 million for the six months ended 30 June 2023 to RMB180.9 million for the same period in 2024. Our gross profit margin decreased from 28.2% for the six months ended 30 June 2023 to 27.5% for the same period in 2024.

	For the six months ended 30 June			
	2024		2023	
	Gross profit <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	Gross profit margin %
Property management services	119,838	25.5	99,465	23.9
Value-added services	42,866	38.5	51,518	47.5
Green living solutions	18,162	23.5	18,260	23.9
<b>Total</b>	<b>180,866</b>	<b>27.5</b>	<b>169,243</b>	<b>28.2</b>

Gross profit margin of property management services was approximately 25.5% for the six months ended 30 June 2024, representing an increase of approximately 1.6 percentage points as compared to the same period last year. Such increase was primarily attributable to enhanced cost control.

Gross profit margin of value-added services was approximately 38.5% for the six months ended 30 June 2024, representing a decrease of approximately 9.0 percentage points as compared to the same period last year. Such decrease was primarily attributable to our expansion in engineering construction and maintenance operation businesses and community e-commerce businesses as a part of our home living services, which have relatively lower gross profit margins.

Gross profit margin of green living solutions remained relatively stable at approximately 23.9% and 23.5% for the six months ended 30 June 2023 and 2024, respectively.

## **Other Net Income**

Our other net income increased by approximately 52.3% from RMB7.6 million for the six months ended 30 June 2023 to RMB11.6 million for the same period in 2024, primarily attributable to (i) the increase in interest income, and (ii) the decrease in claims and fines as a result of enhanced compliance governance.

## **Selling Expenses**

Our selling expenses increased by approximately 9.6% from RMB7.7 million for the six months ended 30 June 2023 to RMB8.5 million for the same period in 2024, primarily due to the Group's active business expansion.

## **Administrative Expenses**

Our administrative expenses remained relatively stable at RMB85.3 million and RMB85.6 million for the six months ended 30 June 2023 and 2024, respectively.

## **Expected Credit Loss on Trade Receivables and Contract Assets**

Our expected credit loss on trade receivables and contract assets increased by approximately 32.2% from RMB28.0 million for the six months ended 30 June 2023 to RMB37.0 million for the same period in 2024, primarily due to the increase in trade receivables as a result of business scale expansion.

## **Income Tax**

Our income tax increased by approximately 25.7% from RMB10.9 million for the six months ended 30 June 2023 to RMB13.6 million for the same period in 2024. This increase was primarily attributable to the increase in taxable income as a result of business scale expansion.

## **Profit for the Period**

As a result of the foregoing, our profit for the period increased by approximately 6.5% from RMB44.4 million for the six months ended 30 June 2023 to RMB47.3 million for the six months ended 30 June 2024.

## **Trade and Other Receivables**

As of 30 June 2024, trade and other receivables amounted to RMB637.4 million, representing an increase of approximately 11.6% as compared with RMB571.2 million as of 31 December 2023. The increase was primarily due to business expansion.

## **Trade and Other Payables**

As of 30 June 2024, trade and other payables amounted to RMB445.5 million, representing an increase of approximately 10.1% as compared with RMB404.6 million as of 31 December 2023. The increase was primarily due to business expansion.

## **Goodwill**

As of 30 June 2024, our goodwill in the amount of RMB179.8 million was arisen from acquisitions of Dalian Yahang Property Management Co., Ltd.\* (大連亞航物業管理有限公司) (“**Dalian Yahang**”) and Qingdao Luohang Enterprises Management Co., Ltd\* (青島洛航企業管理有限公司) (“**Qingdao Luohang**”) in March 2021 in expectation of generating synergies from integrating the acquired companies into the Group’s existing property management business, which is expected to help the Group become a more efficient and effective competitor in the PRC. Our goodwill remained stable at RMB179.8 million as of both 31 December 2023 and 30 June 2024.

## **Contingent Consideration**

The Group’s contingent consideration totaling RMB13.2 million was arisen from the performance guarantee provisions of acquisition of Qingdao Luohang. For details, please refer to the announcements of the Company dated 30 March 2021, 1 August 2023, 20 November 2023, 19 April 2024 and 22 July 2024. The Group’s contingent consideration decreased by approximately 56.8% from RMB30.5 million as of 31 December 2023 to RMB13.2 million as of 30 June 2024, primarily due to the settlement of the final payment for the acquisition of Dalian Yahang.

## **Capital Structure**

Our total assets increased from RMB1,471.9 million as of 31 December 2023 to RMB1,716.6 million as of 30 June 2024. Our total liabilities increased from RMB758.1 million as of 31 December 2023 to RMB993.5 million as of 30 June 2024. Liabilities-to-assets ratio increased from 51.5% as of 31 December 2023 to 57.9% as of 30 June 2024.

The current ratio, being current assets divided by current liabilities as of the respective date, decreased from 1.56 as of 31 December 2023 to 1.41 as of 30 June 2024.

### **Liquidity, Capital Resources and Gearing Ratio**

The Group adopts a stable and prudent approach on its finance and treasury policy, aiming to maintain an optimal financial position and minimal financial risks. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its current business operations as well as its future investments and expansion plans. For the six months ended 30 June 2024, we financed our operations primarily through internal resources and the proceeds from the global offering (the “**Global Offering**”) of our shares (the “**Shares**”) in connection with the listing of our Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). We mainly utilized our cash on payments on staff costs, purchases for services and materials and other working capital needs. Our cash and cash equivalents, which were mainly denominated in Renminbi, decreased by approximately 35.1% from RMB509.8 million as of 31 December 2023 to RMB330.9 million as of 30 June 2024.

Our gearing ratio, being total interest-bearing borrowings divided by total equity, decreased from 0.51% as of 31 December 2023 to 0.39% as of 30 June 2024.

### **Capital Expenditure**

Our capital expenditure increased significantly by approximately 243.0% from RMB2.3 million for the six months ended 30 June 2023 to RMB8.0 million for the same period in 2024. Our capital expenditure was used primarily for the purchase of office and other equipment, software and operation rights, and decoration and renovation.

### **Indebtedness**

#### ***Bank Loans***

As of 30 June 2024, the Group did not have any outstanding bank loans or any banking facilities (as of 31 December 2023: nil).

## **Contingent Liabilities**

As of 30 June 2024, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group that were likely to have a material and adverse effect on our business, financial condition or results of operations.

## **Interim Dividend**

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

## **Pledge of Assets**

As of 30 June 2024, the Group did not pledge any of its assets.

## **Significant Events After the Reporting Period**

On 12 July 2024, the Company and Fujian Yongfeng Jiye Mechanical and Electrical Installation Engineering Co., Ltd.\* (福建永豐基業機電安裝工程有限公司) (“**Fujian Yongfeng**”) entered into a master maintenance services agreement (the “**Fujian Yongfeng Master Maintenance Services Agreement**”), pursuant to which members of the Group shall procure maintenance services from Fujian Yongfeng and its subsidiaries and 30%-controlled companies (as defined under the Listing Rules), which comprise elevator system maintenance services. For further details in respect of the Fujian Yongfeng Master Maintenance Services Agreement and the transactions contemplated thereunder, please refer to the announcement of the Company dated 12 July 2024.

Save as disclosed above, there are no material events subsequent to 30 June 2024 and until the date of this announcement which could have a material impact on the operating and financial performance of the Group.

## **Foreign Exchange Risk and Hedging**

The Group mainly operates in the mainland China with most of the transactions denominated and settled in Renminbi. The Group has not hedged its foreign currency exchange risks, but will closely monitor the exposure and will take measures when necessary to make sure the foreign exchange risks are manageable.

## Material Acquisitions and Future Plans for Major Investment

### *Acquisition of 51% Equity Interest in Dalian Shihang Construction Engineering Co., Ltd.*

On 31 January 2024, First Property Service (Beijing) Co., Ltd. (第一物業服務(北京)有限公司) (“**First Property Beijing**”), an indirectly wholly-owned subsidiary of the Company, and Liaoning Baiyitong Investment Holdings Co., Ltd.\* (遼寧佰億通投資控股有限公司) (“**Baiyitong**”) entered into an equity transfer agreement, pursuant to which (i) Baiyitong agreed to sell and First Property Beijing agreed to acquire 51% equity interest in Dalian Shihang Construction Engineering Co., Ltd.\* (大連世航建設工程有限公司) (“**Dalian Shihang**”) at nil consideration, and (ii) First Property Beijing agreed to make a capital contribution of RMB5.1 million in cash to Dalian Shihang, accounting for 51% of its registered capital. Immediately after the completion of the acquisition, the Company held 51% equity interest in Dalian Shihang. Dalian Shihang became an indirect non-wholly owned subsidiary of the Company and its financial results have been consolidated into the Group’s financial statements. As at the date of the equity transfer agreement, Mr. Bai Ding (白丁) (i) was a substantial shareholder of Dalian Yahang, a subsidiary of the Company, and (ii) held 80% of the entire registered capital of Baiyitong and accordingly Baiyitong is an associate of Mr. Bai Ding. Accordingly, each of Mr. Bai Ding and Baiyitong is a connected person of the Company and the acquisition of Dalian Shihang constituted a connected and discloseable transaction of the Company under the Listing Rules.

For further details in respect of the aforesaid acquisition, please refer to the announcement of the Company dated 31 January 2024.

Save as disclosed above, the Group did not conduct any material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2024. In addition, save for the expansion plans as disclosed in the sections headed “Business” and “Future Plans and Use of Proceeds” in the prospectus of the Company dated 12 October 2020 (the “**Prospectus**”), the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

## Company Information

The Company was incorporated in the Cayman Islands on 20 January 2020 as an exempted company with limited liability, and the Shares of which were listed on the Main Board of the Stock Exchange on 22 October 2020.

## Employees

As of 30 June 2024, we had a total of 3,782 employees, all of whom were based in China.

Our success depends on our ability to attract, retain and motivate qualified personnel. The remuneration package for our employees generally includes salary and discretionary bonuses. We determine employee remuneration based on factors such as qualifications and years of experience. Employees also receive welfare benefits, including medical care, retirement benefits, occupational injury insurance and other miscellaneous items. We make contributions to mandatory social security funds for our employees to provide for retirement, medical, work-related injury, maternity and unemployment benefits.

We believe that the long-term sustainable development of our employees is an important factor to the long-term growth of the Group's performance. We implemented (i) the "Talented Apprentice" (匠才生) recruitment and training scheme to recruit fresh graduates with bachelor's degree and above, so as to provide the Company with long-term core talent pools; (ii) the "Talented Leaders Scheme" (將才計劃) to hunt for and bring in mature business and management talents from external sources; (iii) the "Starlight Training Scheme" (星光培訓計劃) to guarantee the provision of systematic training for the promotion of internal staff; (iv) the "Star Rating Scheme" (星級評定計劃) to attract external talents and retain internal outstanding employees by constructing a differentiated salary system; and (v) the "Long March Scheme" (長征計劃) to focus on the long-term growth of our employees, which includes creating a compliant and dedicated environment, focusing on the vitality of core talents, setting up employee care groups and performance counselling groups to care for the employees and conduct performance coaching to convey warmth of the organization and foster service culture, improving the internal talent mobility mechanisms, and designing an appraisal mechanism related to performance and an incentive and accountability system. We also initiated the "Feng He Scheme" (風禾計劃) to attach importance to the self-improvement of senior management and executives of the Company and lay a solid foundation for the management of the Company, so as to maintain rapid and healthy development for our Company. Moreover, we have adopted a share option scheme to incentivize qualified employees and a share award scheme to retain eligible persons.

## No Material Change

Since the publication of the Group’s audited financial statements for the year ended 31 December 2023 on 25 April 2024, there has been no material change to the Group’s business.

## Use of Proceeds

The Company was listed on the Stock Exchange on 22 October 2020. The net proceeds from the Global Offering amounted to approximately HK\$571.2 million, and have been, and are proposed to be, 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 Company’s announcement dated 27 December 2023 in relation to the change in use of proceeds (the “**Announcement**”). The following table sets forth the status of the use of net proceeds from the Global Offering<sup>(1)</sup> as of 30 June 2024:

Revised intended use of proceeds	Percentage of revised intended use of proceeds %	Revised intended use of proceeds from the Global Offering	Amount of utilized proceeds as of 30 June 2024	Amount of unutilized proceeds as of 30 June 2024	Timeframe for the unutilized balance
			<i>In HK\$ millions</i>		
Strategic acquisitions or investments in property management companies and market expansion	38.0	217.1	211.4	5.7	By the end of 2026
Distribute to the Shareholders by way of cash dividend	32.0	182.8	97.7	85.1	By the end of 2026
Develop our intelligent community and enhance our information technology systems	10.0	57.1	11.0	46.1	By the end of 2026
Upgraded our internal systems	2.8	16.0	3.2	12.8	By the end of 2026
Develop our intelligent community	7.2	41.1	7.8	33.3	By the end of 2026



Revised intended use of proceeds	Percentage of revised intended use of proceeds %	Revised intended use of proceeds from the Global Offering	Amount of utilized proceeds as of 30 June 2024	Amount of unutilized proceeds as of 30 June 2024	Timeframe for the unutilized balance
			<i>In HK\$ millions</i>		
Implementation of the “five talents” strategy (五才戰略) and other employee expenses	<u>10.0</u>	<u>57.1</u>	<u>24.6</u>	<u>32.5</u>	By the end of 2026
General business operations and working capital	<u>10.0</u>	<u>57.1</u>	<u>57.1</u>	<u>–</u>	–
<b>Total</b>	<b><u>100.0</u></b>	<b><u>571.2</u></b>	<b><u>401.8</u></b>	<b><u>169.4</u></b>	

*Notes:*

- (1) The figures in the table are approximate figures.
- (2) To the extent that the net proceeds from the Global Offering are not immediately required for the above purposes or if the Company is unable to put into effect any part of its plans as intended, the Company may temporarily use such funds to invest in short-term wealth management products so long as it is deemed to be in the best interests of the Company. In such event, the Company will comply with the appropriate disclosure requirements under the Listing Rules. Together with the income to be generated from the investment in wealth management products, the Company will continue to apply the unutilized net proceeds in the manner disclosed in the Announcement.

## **ROUNDING**

Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

## **OTHER INFORMATION**

### **Compliance with the Corporate Governance Code**

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance its corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix C1 to the Listing Rules as its own code of governance. The Company has complied with all the applicable code provisions set out in the CG Code during the six months ended 30 June 2024. The Company will continue to review and monitor its corporate governance practice to ensure compliance of the CG Code.

### **Compliance with the Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding Directors’ securities transactions. After making specific enquiry to all Directors, the Directors have confirmed that they have fully complied with the required standard set out in the Model Code during the six months ended 30 June 2024.

### **Purchase, Sale or Redemption of the Company’s Listed Securities**

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities (including sale of treasury shares, if any) of the Company.

### **Audit Committee and Review of Financial Statements**

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the CG Code. As of the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely Ms. Sun Jing (Chairlady), Mr. Cheng Peng and Mr. Chen Sheng (with Ms. Sun Jing possessing the appropriate professional qualifications and accounting and related financial management expertise). The main duties of the Audit Committee are to assist the Board in providing an independent review of the completeness, accuracy and fairness of the financial information of the Group, as well as the efficiency and effectiveness of the Group’s operations and internal controls.

The Audit Committee has discussed with the management and external auditor the accounting principles and policies adopted by the Group, reviewed the interim results for the six months ended 30 June 2024 and considered that the interim results have been prepared in accordance with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements and have made appropriate disclosures accordingly.

### **Publication of Interim Results Announcement and Interim Report**

This interim results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.firstservice.hk](http://www.firstservice.hk)), and the interim report of the Company for the six months ended 30 June 2024 containing all the information required by the Listing Rules will be sent to the Shareholders and published on the above websites in due course.

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

Hong Kong, 28 August 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 purposes only*