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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)

CONNECTED TRANSACTION CAPITAL INJECTION INTO THE TARGET PARTNERSHIP

INVESTMENT AGREEMENT

On December 23, 2024, First Property, an indirect wholly-owned subsidiary of the Company, and Beijing Tengyun entered into the Investment Agreement, pursuant to which, First Property agreed to make the Capital Injection into Beijing Tengyun for the purpose of enabling Beijing Tengyun to make a corresponding investment into the Target Partnership.

IMPLICATION OF THE LISTING RULES

Beijing Tengyun is ultimately owned as to 35.93% by Mr. Huang Tao (黃濤), a substantial Shareholder, indirectly holding approximately 12.53% of the entire issued share capital of the Company. Hence, Beijing Tengyun, being an associate of Mr. Huang Tao, is a connected person of the Company and the transaction contemplated under the Investment Agreement constitutes a connected transaction of the Company.

As the applicable percentage ratios (other than profits ratio) as defined under Rule 14.07 of the Listing Rules in respect of the Capital Injection contemplated under the Investment Agreement exceed 0.1% but are all less than 5%, such transaction is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempted from the circular (including obtaining advice from the independent financial advisor) and Independent Shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

INTRODUCTION

On December 23, 2024, First Property, an indirect wholly-owned subsidiary of the Company, and Beijing Tengyun entered into the Investment Agreement, pursuant to which, First Property agreed to make the Capital Injection into Beijing Tengyun for the purpose of enabling Beijing Tengyun to make a corresponding investment into the Target Partnership.

INVESTMENT AGREEMENT

The principal terms of the Investment Agreement are as follows:

- Date : December 23, 2024
- Parties : (i) First Property; and
(ii) Beijing Tengyun.
- Capital Injection : Pursuant to the Investment Agreement:
- (i) First Property agreed to make the Capital Injection of up to RMB16.5 million to Beijing Tengyun, and Beijing Tengyun shall commit to an investment amount of RMB45.0 million into the Target Partnership;
 - (ii) the Capital Injection will be transferred from First Property to Beijing Tengyun's bank account and Beijing Tengyun shall make the corresponding investment into the Target Partnership; and
 - (iii) while the investment into the Target Partnership by Beijing Tengyun will be registered under Beijing Tengyun's name, both First Property and Beijing Tengyun acknowledge and confirm that the beneficial ownership of the Capital Injection shall vest in First Property.
- Payment terms : First Property shall make a one-time payment of RMB16.5 million as the Capital Injection to the specified account in the relevant partnership agreement governing the Target Partnership.
- Intended use of the Capital Injection : The Capital Injection shall be used solely for the purpose of making investment into the Target Partnership for the purpose of acquiring the Target Assets.

- Other key terms : (i) First Property’s investment returns and potential losses are solely tied to the investment results of the Target Assets and will not be mixed with Beijing Tengyun’s own funds or other project investments.
- (ii) First Property will enjoy profits and bear losses in proportion to its indirect capital contribution to the Target Partnership through Beijing Tengyun.
- (iii) The Project Company will generate income through renting and selling the Target Assets. Both parties are entitled to investment returns in proportion to its capital contribution. Beijing Tengyun shall notify First Property within three days of receiving any investment returns or principal from the Target Assets. Both parties shall complete a review within ten days and, after deducting the applicable taxes and fees, proceed with the distribution of the investment returns.
- Breach of agreement : If Beijing Tengyun fails to distribute the investment returns to First Property on time, First Property shall have the right to demand that Beijing Tengyun pay a penalty at a rate of 0.03% per day starting from the date of the delay.

CAPITAL INJECTION

The Capital Injection was determined after arm’s length negotiations between First Property and Beijing Tengyun with reference to the book value of the Target Assets of RMB363,420,621 as at August 30, 2023 as shown in the valuation conducted by an independent property valuer appointed by the Beijing No. 2 Intermediate People’s Court in October 2023.

The Capital Injection is specifically designated for the acquisition of the Target Assets through investment into the Target Partnership.

The Capital Injection will be satisfied by the internal resources of the Group.

The net rental income of the Target Assets for the two financial years ended December 31, 2022 and 2023 is not available because the Target Assets were subject to judicial auctions.

INFORMATION OF THE PROJECT COMPANY AND THE TARGET PARTNERSHIP

As at the date of this announcement, Target Partnership is the ultimate beneficial owner of the Target Assets through its 99.99% ownership of the Project Company, which in turn owns the Target Assets.

As the Target Partnership was established on October 18, 2024, there are no net profits to report as at the date of this announcement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE INVESTMENT AGREEMENT

The entering into of the Investment Agreement will allow the Group to strengthen and expand the Company's portfolio within the real estate sector for potential investment gain. The Directors (including the independent non-executive Directors) are of the view that although the Investment Agreement was not entered into in the ordinary and usual course of business of the Group, its terms are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

To the best of knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Directors has a material interest in the transaction contemplated under the Investment Agreement or is required to abstain from voting on the relevant Board resolutions approving the Investment Agreement and the transaction contemplated thereunder. However, to demonstrate good corporate governance practice, Mr. Wang Ziming, a non-executive Director, voluntarily abstained from voting on the relevant Board resolutions as he has been an investment manager of Century Golden Resources Investment Group Co., Ltd. (世紀金源投資集團有限公司), an asset management company based in Beijing, the PRC which is owned by Mr. Huang Tao and Mr. Huang Shiyong (黃世熒) as to 60% and 40%, respectively, as at the date of this announcement, since August 2020.

INFORMATION OF THE PARTIES TO THE INVESTMENT AGREEMENT

First Property and the Company

First Property is an indirect wholly-owned subsidiary of the Company and a company principally engaged in providing property management services in the PRC. The Company is principally engaged in providing property management services and green living solutions that cover the full property life-cycle in the PRC.

Beijing Tengyun

Beijing Tengyun is principally engaged in providing management consulting, business management consulting services in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the ultimate beneficial owner of Beijing Tengyun is Mr. Huang Tao.

Target Partnership

The Target Partnership is a limited partnership established under the laws of the PRC, which is managed by its general partners, Beijing Hemaoyan and Beijing Rongkaide Investment Management Co., Ltd.* (北京融凱德投資管理有限公司) (“**Beijing Rongkaide**”). Beijing Hemaoyan is ultimately owned as to 75% by Mr. Zhang Jiangming (張江明), and Beijing Rongkaide is ultimately owned by China CITIC Financial Asset Management Co., Ltd. (中國中信金融資產管理股份有限公司) (“**China CITIC**”), a joint stock limited liability company incorporated in the PRC, the H shares of which are listed on the Stock Exchange (Stock Code: 2799). The Target Partnership is owned as to 66.4%, 16.8% and 16.8%, respectively, by its limited partners, (i) Huarong Rongde Asset Management Co., Ltd.* (華融融德資產管理有限公司), which is ultimately owned by China CITIC, (ii) Jinye (Beijing) Holdings Co., Ltd.* (錦燁(北京)控股有限公司), which is ultimately owned as to 90% by Mr. Xu Qingchung (徐清春), and (iii) Beijing Tengyun.

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, as at the date of this announcement, the ultimate beneficial owners of the general partners, Beijing Hemaoyan and Beijing Rongkaide, are Independent Third Parties.

IMPLICATION OF THE LISTING RULES

Beijing Tengyun is ultimately owned as to 35.93% by Mr. Huang Tao (黃濤), a substantial Shareholder, indirectly holding approximately 12.53% of the entire issued share capital of the Company. Hence, Beijing Tengyun, being an associate of Mr. Huang Tao, is a connected person of the Company and the transaction contemplated under the Investment Agreement constitutes a connected transaction of the Company.

As the applicable percentage ratios (other than profits ratio) as defined under Rule 14.07 of the Listing Rules in respect of the Capital Injection contemplated under the Investment Agreement exceed 0.1% but are all less than 5%, such transaction is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempted from the circular (including obtaining advice from the independent financial advisor) and Independent Shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Tengyun”	Beijing Tengyun Century Enterprise Management Consulting Partnership (Limited Partnership)* (北京騰雲世紀企業管理諮詢合夥企業 (有限合夥)), a limited partnership established under the laws of the PRC on August 26, 2022
“Board”	the board of Directors
“Capital Injection”	the injection of capital into the Target Partnership through Beijing Tengyun in accordance with the terms and conditions of the Investment Agreement
“Company”	First Service Holding Limited (第一服务控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“First Property”	First Property Service (Beijing) Co., Ltd. (第一物業服務(北京)有限公司), a limited liability company established under the laws of the PRC on December 6, 1999 and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholder(s)”	Shareholders other than Mr. Huang Tao, his associates and parties acting in concert
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not the connected persons or associates of the connected persons as defined under the Listing Rules

“Investment Agreement”	the investment agreement dated December 23, 2024 entered into between First Property and Beijing Tengyun
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Project Company”	Beijing Hao Sheng Enterprise Management Consulting Co.* (北京灝晟企業管理諮詢有限公司), a limited liability company established under the laws of the PRC on October 22, 2024 and owned as to 99.99% by the Target Partnership as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Assets”	a total of 42 real estate units in Buildings 3, 6, 7, 8 and 12 in the North District of No. 1 Xiangheyuan Street, Dongcheng District, Beijing, the PRC with a total construction area of 12,302.41 square metres
“Target Partnership”	Wuhu Dezhixin Project Investment Partnership Enterprise (Limited Partnership)* (蕪湖德致信項目投資合夥企業 (有限合夥)), a limited partnership established under the laws of the PRC
“%”	per cent

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

Hong Kong, December 23, 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. Yang Xi.

** For identification purposes only*