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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)

SUPPLEMENTAL ANNOUNCEMENT
CONNECTED TRANSACTION
CAPITAL INJECTION INTO THE TARGET PARTNERSHIP

Reference is made to the announcement of First Service Holding Limited (the “**Company**”) dated December 23, 2024 in relation to, among others, the injection of capital into 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)) through 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)) in accordance with the terms and conditions of the investment agreement (the “**Announcement**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meaning as used in the Announcement.

The Company would like to provide further information as follows:

REASONS FOR INDIRECT INVESTMENT THROUGH BEIJING TENGYUN

When the Company became aware that the Target Assets were subject to judicial auction, the Target Partnership, which engages in investment activities using its own funds, had already been established with plans to acquire the Target Assets. Furthermore, because the Target Partnership includes state-owned enterprises, the restrictions imposed by their approval processes made it infeasible for the Company to make direct investment to the Target Partnership. The Company has therefore elected to participate indirectly through making its investment to Beijing Tengyun.

MEASURES TO SAFEGUARD THE COMPANY'S INTERESTS IN THE TARGET PARTNERSHIP THROUGH BEIJING TENGYUN

To safeguard its interests in the Target Partnership under an indirect investment arrangement through Beijing Tengyun, the Company has implemented the following measures:

1. **Procedural management:** Pursuant to the Investment Agreement, Beijing Tengyun shall inform First Property of any distribution made by the Target Partnership within three days upon receipt of such distribution, thereafter First Property and Beijing Tengyun shall review the distribution and Beijing Tengyun shall complete the distribution of corresponding returns to First Property within ten days.
2. **Substantive management:** The Target Assets are located within the Company's property management area and thus the Company has comprehensive knowledge of the corresponding rental income and sales progress, ensuring that it remains well-informed about the asset's performance.
3. **Daily management, supervision and follow-up:** The Company has appointed dedicated personnel responsible for on-site inspections, which include overseeing potential buyers' site visits, coordinating with prospective tenants, and managing the rent and property fee payments from existing tenants. Therefore, the Company's overall interests will not be adversely affected by the indirect investment approach as opposed to direct investment.

By implementing these measures, the Company ensures that its interests in the Target Partnership are adequately safeguarded under the indirect investment arrangement through Beijing Tengyun.

FINANCIAL TREATMENT OF THE CAPITAL INJECTION

The Capital Injection is accounted for in the Company's financial statement as a financial asset measured at fair value through profit or loss. The fair value measurement reflects the current market conditions and any fluctuations in the value of the investment are directly reflected in the Company's income statement, impacting the overall financial performance.

FURTHER INFORMATION ABOUT THE TARGET PARTNERSHIP

As disclosed in the Announcement, the Target Partnership is a limited partnership established under the laws of the PRC, which is managed by its general partners, Beijing Hema Consulting Services Co., Ltd.* (北京和懋諮詢服務有限公司) (“**Beijing Hema**”) and Beijing Rongkaide. Beijing Hema is ultimately owned as to 75% and 25% by Mr. Zhang Jiangming (張江明) and Tengyun Zhuke Technology Development Co., Ltd.* (騰雲築科科技發展有限公司) (“**Tengyun Zhuke**”), respectively. Tengyun Zhuke is owned as to 90% and 10% by Beijing Tengyun Zhujia Technology Co., Ltd.* (北京騰雲築佳科技有限公司) and BuildTech Global Limited (築科有限公司), respectively. Beijing Tengyun Zhujia Technology Co., Ltd. is wholly-owned by Buildingwell Limited (築佳有限公司). To the best knowledge of the Directors, Buildingwell Limited is wholly-owned by Twing Architecture Technology Group Co., Ltd. (騰雲築科集團有限公司), a company incorporated in the Cayman Islands with limited liability. Beijing Rongkaide is ultimately owned by 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). BuildTech Global Limited is ultimately wholly-owned by Mr. Ma To (馬濤).

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 owned as to 90%, 5% and 5% by Mr. Xu Qingchung (徐清春), Mr. Liu Fei (劉飛) and Mr. Shi Lei (石磊), respectively, and (iii) Beijing Tengyun, which is owned as to 59.9%, 39.9% and 0.2% by Beijing Jinyuan Hongda Real Estate Co., Ltd.* (北京金源鴻大房地產股份有限公司) (“**Beijing Jinyuan**”), Beijing Minghe Guangnian Technology Co., Ltd.* (北京明河光年科技有限公司), which is ultimately owned as to 99.9% by Mr. Zhang Jie (張劫), and Beijing Hema, respectively. Beijing Jinyuan is wholly-owned by Century Golden Resources Investment Group Co., Ltd. (世紀金源投資集團有限公司), which is owned by Mr. Huang Tao (黃濤) and Mr. Huang Shiyong (黃世榮) as to 60% and 40%, respectively.

Upon completion of the Capital Injection, the structure of the Target Partnership will remain unchanged, except for the fact that the Company will hold an indirect interest in the Target Partnership through its investment in Beijing Tengyun. Specifically, the Company will indirectly hold 6.15% interest in the Target Partnership via Beijing Tengyun which holds 16.8% interest in the Target Partnership. Consequently, the composition of the general and limited partners, as well as their respective ownership percentages, will remain unaltered.

BASIS FOR DETERMINATION OF THE AMOUNT OF CAPITAL INJECTION

The determination of the Capital Injection amount of RMB16.5 million was based on a comprehensive assessment of the asset quality and an estimation of potential future returns.

Through extensive discussions with Beijing Tengyun, an investment ratio was negotiated on arm's length basis. Beijing Tengyun agreed to release approximately 5% of their investment share, which corresponds to RMB18.2 million (being 5% of the carrying value of the Target Assets). Based on the assessment of the Company, it is determined that the total investment amount in the Target Assets (through Beijing Tengyun and the Target Partnership) shall not exceed 1% of the total assets of the Company as of June 30, 2024, which amounted to RMB17.16 million. Accordingly, after arm's length negotiation with Beijing Tengyun, the amount of Capital Injection was set at RMB16.5 million.

FURTHER UPDATES ON THE TARGET ASSETS

On November 12, 2024, the judicial auction of the Target Assets was successfully concluded through the judicial auction platform. The winning bidder for the Target Assets was the Project Company, with a final bid price of RMB254,394,434.70. This amount represents 70% of the assessed market value of the Target Assets.

Upon reviewing the relevant agreements of the participating bidders, it was confirmed that all parties involved in the bid had contributed their respective portions of the actual investment according to the predetermined ratios. The appraised value of the assets was already lower than the concurrent market transaction prices, and the auction's final bid price, at 70% of the appraised value, was significantly below market value. This substantial discount indicates a high potential for profit, aligning with the interests of the Company and its Shareholders.

Therefore, based on the above, the Directors are of the view that the Capital Injection is fair and reasonable, as it affords the Company a strategic investment opportunity at a favorable valuation, ensuring a substantial margin for prospective gains, which is consistent with the Company's overarching financial strategy and in the interests of the Company and the Shareholders as a whole.

FURTHER INFORMATION ABOUT THE PROJECT COMPANY

As at the date of this announcement, the Project Company is owned as to 99.99% by the Target Partnership and 0.01% by Beijing Rongkaide. For details in respect of the Target Partnership and Beijing Rongkaide, please refer to the section headed “FURTHER INFORMATION ABOUT THE TARGET PARTNERSHIP” in this announcement.

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

Hong Kong, January 2, 2025

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*