

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)

COMPLETION OF INTERNAL CONTROL REVIEW

Reference is made to the announcement of the Company published on November 28, 2024 and the circular of the Company dated January 24, 2025 (the “**Circular**”) in relation to, among others, certain transactions in relation to wealth management products. Unless otherwise specified, capitalized terms used in this announcement shall have the same meaning as used in the Circular.

KEY FINDINGS OF THE INTERNAL CONTROL REVIEW

As disclosed in the Circular, the Company engaged CityLinkers Corporate Advisory Services Limited (the “**Internal Control Consultant**”), an independent internal control consultant, to assist in assessing, reviewing and improving the Group’s internal control.

Scope of internal control review

The internal control review covers the period from January 1, 2024 to December 31, 2024 (the “**Review Period**”) and the scope of such review includes the following:

- (1) Corporate governance: evaluate compliance with Chapter 13 “Continuing Obligations” and Chapter 14 “Notifiable Transactions” of the Listing Rules; and
- (2) Fund management: cover (a) policies and procedures, (b) liquidity management, (c) investment management including investment strategies, asset allocation of the overall investment portfolio, and (d) financial instrument management, including but not limited to wealth management products, derivatives, hedging and foreign exchanges covering risk management and monitoring, return assessment and monitoring and transaction approval procedures.

Key Findings of the Internal Control Review

The key findings of the internal control review for the Review Period, the corresponding recommended remedial measures and the Board's responses are summarized as follows:

Summary of Key Findings	Recommended Remedial Measures	Board's Responses
<i>Corporate Governance</i>		
1. The Group has not established specific maximum limits for individual investment to be made by subsidiaries, nor has it established corresponding risk control mechanisms.	To strengthen continuous monitoring and internal control of investment transactions, the Internal Control Consultant recommended the Group to: provide compliance trainings for all Board members, management and relevant staff;	The Group has suspended all transactions in relation to the purchase of wealth management products.
2. The Group approves the purchase of wealth management products by the subsidiaries but has no control over the final terms of transactions negotiated between the subsidiaries and banks or financial institutions.	appoint designated staff for reviewing and supervising the risks and compliance disclosures of various investment transactions;	In December 2024, a total of 113 individuals comprising all Board members, heads of the finance department and investment development department, Board office's representative and other relevant personnel participated in an online training seminar on Chapter 14 of the Listing Rules conducted by the legal advisors of the Company.
3. The monitoring mechanism to review cumulative investments is inadequate and no consolidated analysis of investment decisions has been made.	review and revise relevant practice standards to clarify internal management processes, approval procedures, disclosures and reporting rules;	The Group has revised and formulated relevant codes, policies and business procedures as required by the Listing Rules, which have been formally implemented following the review and approval by the audit committee of the Company.
4. The Group has not established a policy for investment cap and lacks effective control measures for its overall investment scale.	- conduct regular internal audit of the reporting and disclosure practices in accordance with practice standards; and - revise the annual training plan to cover topics concerning both daily operations and the Listing Rules.	- The Board has implemented follow-up remedial measures and provided the following documentation to the Internal Control Consultant: - relevant training and certification documents; - revised practice standards for financial investment management and day-to-day fund management; - revised practice standards on information disclosure; and - revised job responsibilities for relevant personnel in monitoring and reporting transaction situations which are set out in the aforementioned documents.

Summary of Key Findings	Recommended Remedial Measures	Board's Responses
<i>Fund Management</i>		
5. The Group failed to use the return rates of risk-free products as a benchmark for investment decision making process.	(a) The Group should take into account the returns of risk-free products when making investment decisions. (b) The Group should consider investing in products that help reduce overall investment risk like risk-free products, including fixed deposits and government bonds.	(a) The Board has incorporated the consideration of the returns from risk-free products into the Group's investment policies. (b) Written records for every investment decision will be maintained for review and audit.
6. Inadequate records were kept in respect of investment decisions process and actual return.		

Having considered the findings of the internal control review, the corresponding recommended remedial measures, and the remedial actions taken by the Group, the Board is of the view that the remedial measures implemented are sufficient and adequate to address the key findings of the internal control review. The Group is committed to strictly adhering to these enhanced policies and procedures to ensure effective internal control.

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

Hong Kong, March 31, 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.