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 IN RELATION TO THE CHANGE IN USE OF PROCEEDS

References are made to (i) the prospectus of First Service Holding Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated October 12, 2020 (the "**Prospectus**") in relation to the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "**Listing**"); (ii) the announcement of the Company dated June 10, 2022 in relation to the change in use of proceeds; (iii) the announcement of the Company dated December 27, 2023 in relation to the change in use of proceeds (the "**2023 Announcement**"); (iv) the updates regarding the utilization of proceeds in connection with the Listing set out in the annual report of the Company for the year ended December 31, 2025 published on April 24, 2026 (the "**Annual Report**"); and (v) the announcement of the Company dated July 17, 2026 in relation to the change in use of proceeds (the "**2026 Announcement**"). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the 2026 Announcement.

The Company wishes to provide further information in relation to the change in use of proceeds as set out in the 2026 Announcement as follows:

SUPPLEMENTAL INFORMATION REGARDING THE REALLOCATION OF USE OF PROCEEDS

The table below sets out further details of the revised use of the net proceeds from the Global Offering:

Original intended use of net proceeds as disclosed in the 2023 Announcement	Revised intended use of net proceeds	Net proceeds for the original intended use as disclosed in the 2023 Announcement	Net proceeds for the revised intended use	Amount of utilized net proceeds for the original intended use as at the date of the 2026 Announcement	Amount of unutilized net proceeds for the original intended use as at the date of the 2026 Announcement	Amount of unutilized net proceeds for the revised intended use as at the date of the 2026 Announcement	Updated timeframe for the unused balance
				(In HK$ million)			
Strategic acquisitions or investments in property management companies and market expansion	**Strategic acquisitions or investments in property management companies and market expansion**	**217.1**	**251.4**	**211.4**	**5.7**	**40.0**	**By the end of 2029**
Distribute to the Shareholders by way of cash dividend	**Distribute to the Shareholders by way of cash dividend**	**182.8**	**182.4**	**182.4**	**0.4**	**–**	**By the end of 2029**
Develop our intelligent community and enhance our information technology systems	**Develop our intelligent community**	**57.1**	**16.0**	**11.0**	**46.1**	**5.0**	**By the end of 2029**
Upgraded our internal system		16.0	3.2	3.2	12.8	–	
Develop our intelligent community		41.1	12.8	7.8	33.3	5.0	
Implementation of the "five talents" strategy (五才戰略) and other employee expenses	**Implementation of the "five talents" strategy (五才戰略) and other employee expenses**	**57.1**	**35.4**	**30.4**	**26.7**	**5.0**	**By the end of 2029**
General business operations and working capital	**General business operations and working capital**	**57.1**	**86.0**	**57.1**	**–**	**28.9**	**By the end of 2029**
Total		**571.2**	**571.2**	**492.3**	**78.9**	**78.9**	

Note: The figures in the table are approximate figures and are subject to rounding adjustments.

SUPPLEMENTAL INFORMATION REGARDING STRATEGIC ACQUISITIONS OR INVESTMENTS IN PROPERTY MANAGEMENT COMPANIES AND MARKET EXPANSION

As disclosed in the 2026 Announcement, the Board resolved to reallocate HK$34.3 million of the unutilized net proceeds to strategic acquisitions or investments in property management companies and market expansion, increasing the total unutilized net proceeds for this purpose to HK$40.0 million as at the date of the 2026 Announcement.

Against the backdrop of slowing growth in the property management services industry and intensifying competition in the existing market, the Company is proactively pursuing a second growth curve with favorable counter-cyclical attributes and stable cash flow characteristics. Although the Company has not identified or committed to any suitable acquisition or investment targets as at the date of this announcement, it will focus its business expansion opportunities on three areas, namely, apartment operation and management services, elderly care services, and non-residential property management services.

1. Apartment operation and management services

As an integral component of the housing system that promotes home ownership and renting, and with sustained policy support from the central and local governments, the Company believes that the long-term rental apartment market presents broad development prospects. The Company will focus on exploring the following apartment management models:

- *Centralized apartment management services*: Targeting quality centralized apartment projects in prime locations within core cities for overall operation and management. Leveraging its expertise in the property management sector, the Group will provide full-chain services, including property leasing, renovation and refurbishment, smart system upgrades, daily operation and management, and tenant services; and

- *Decentralized apartment management services*: Expanding the decentralized apartment management business through an asset-light model. The Group will leverage its existing resources derived from its property management projects and network of property agency channels, and offer property owners one-stop property management services solutions by deploying standardized renovation fit out, smart management systems, and professional steward services.

The Company will actively evaluate opportunities to make investments in high-quality apartment operating platforms with existing operational rights, so as to accelerate its market expansion.

The net proceeds are expected to be used primarily for project acquisition (including rental deposits and fees for securing operational rights), renovation and refurbishment expenses, procurement and installation of smart equipment and marketing expenses.

2. Elderly care services

With the accelerating aging of China's population, demand for elderly care services has been steadily increasing. The residential property projects currently under the Group's management exhibit an aging demographic profile, with a proportion of residents aged 60 and above in certain communities. These elderly residents have growing needs for health monitoring, daily living assistance, emergency response, and emotional support, which are in essence a natural extension of property management services. Given the close proximity to communities, residents, and their daily needs, the Group is well-positioned to capture the opportunity of extending property management services to lifestyle services. The Company believes that by layering elderly care services onto its existing property management service framework across scenarios such as security patrols, home maintenance, customer services and community activities, it can develop these offerings into value-added services that complement its residential property management business.

In certain residential property management projects, the Group has already begun exploring elderly care initiatives. For example, the Group has installed one-touch emergency call devices for some elderly residents living alone, which are directly connected to 24/7 property monitoring centres. In the event of an emergency, property management staff can respond immediately to provide assistance and, where necessary, arrange medical escort services. In addition, the Group has established neighborhood centres within certain residential property management projects, featuring shared community space such as painting rooms, chess and card rooms, and indoor exercise areas, offering leisure and social interaction opportunities for elderly residents in the community. Building on this experience, the Company plans to explore the following service models by, among other means, establishing a dedicated elderly care service team, cooperating with professional business partners, developing standardized service procedures and quality control systems, and investing in elderly care-related businesses:

- *Home-based elderly care support services*: The Company will leverage the community network and service teams of our existing residential property management projects to provide one-stop home-based elderly care services for senior residents, including daily living assistance, health monitoring and alerts, home ageing-renovation assessment and implementation, emergency call response, and medical escort and accompaniment services; and

- *Embedded community-based elderly services*: The Company will utilize ancillary community premises or lease suitable venues within eligible large-scale residential communities to establish day care centres, senior canteens, community health stations, or senior activity centres, thereby achieving the integration of property management and elderly care services.

The Company will evaluate strategic investment opportunities in professional elder care service institutions with proven operational experience.

The net proceeds are expected to be used primarily for recruitment and training of professional elder care personnel, procurement and leasing of age-friendly equipment and assistive devices, site leasing, renovation and refurbishment of community care centres and stations, development of smart elder care information platforms, as well as initial operational and marketing expenses.

3. Non-residential property management services

In recent years, the Group has gradually consolidated and enhanced its non-residential property management service capabilities through previously acquired Dalian Yahang Property Management Co., Ltd. and Shandong Shangcheng Property Services Co., Ltd.. Our portfolio of managed projects now covers a range of non-residential property types, including government authorities and public facilities, industrial and logistics parks, educational institutions, cultural and museum venues, public transportation hubs, commercial complexes, corporate headquarters, and financial institutions. The core competencies of property management, namely, security, cleaning, maintenance, landscaping, and customer services, are largely transferable across these different property types, and the Group's standardized systems and processes enable effective replication across various non-residential formats.

Leveraging this foundation, the Group plans to further accelerate its expansion in the non-residential property management sector. To optimize its business mix, the Group will continue to strengthen its market expansion efforts, with a strategic focus on the following non-residential property management sectors:

- *Industrial parks and commercial complexes*: The Company will pursue management service opportunities in commercial and industrial property projects, including industrial parks, office buildings, and shopping malls, so as to diversify its service offerings;

- *Public facilities and government office buildings*: The Company will target government authority premises, public transit facilities, tourist attractions, and other public facility property management services;

- *Hospital property management services*: The Company will focus on opportunities for property management services in newly built or renovated hospitals in second- and third-tier cities, as well as the deepening of its service scope with existing partner hospitals;

- *Campus facility management services*: The Company will actively participate in tenders for property management services at institutions of higher education, vocational schools, and primary and secondary schools, providing comprehensive property management solutions encompassing campus security, environmental cleaning, facility maintenance, dormitory management, and landscaping maintenance.

In addition, the Company will explore the deployment of advanced technologies and equipment solutions, such as intelligent inspection robots, smart security systems and smart cleaning equipment, so as to improve service efficiency and quality, thereby enhancing bidding competitiveness and profitability.

The net proceeds are expected to be used primarily for the procurement of intelligent equipment, the construction of information systems, the establishment of business development team, and brand promotion.

4. Measures for the implementation of the market expansion plan

(a) Establishment of an investment committee and a standardized investment screening process

The Company has established an investment committee composed of senior management personnel with extensive experience in industry operations, financial management, and regulatory compliance. The investment committee is responsible for reviewing and overseeing the use of net proceeds and making investment decisions, ensuring that all investments remain aligned with the Group's strategic objectives. In addition, the Company has implemented a standardized investment screening process that covers the full cycle, from target identification and preliminary assessment, through due diligence and valuation analysis, to transaction negotiation and post-investment integration. Building on this framework, the Company will conduct ongoing market research and continuously develop its target pipeline to accelerate market expansion through strategic acquisitions and investments.

(b) Recruitment of experienced professionals

The Company will establish a dedicated business development team and recruit professionals with extensive experience in apartment operations, elderly care services, and non-residential property management. At the same time, the Company will provide systematic training and capability enhancement programs for its existing staff to ensure the smooth launch and efficient operation of new businesses.

(c) Risk control mechanism

The Company will prepare independent feasibility study reports and risk assessment plans for each new business segment, and establish periodic performance review targets to ensure efficient use of net proceeds and satisfactory investment returns.

SUPPLEMENTAL INFORMATION REGARDING BREAKDOWN OF GENERAL BUSINESS OPERATIONS AND WORKING CAPITAL

As disclosed in the 2026 Announcement, the Company resolved to reallocate HK$28.9 million of the unutilized net proceeds to general business operations and working capital. Based on the Board's current expectations and subject to adjustment based on actual operational needs, a breakdown of general working capital is set out below:

Intended use of net proceeds	**Allocation of net proceeds** *(In HK$ million)*	**Expected timeline of usage**
Salaries, allowances and social insurance of employees	10.0	By the end of 2029
Rent, management fees and office expenses	10.0	By the end of 2029
Professional fees	4.7	By the end of 2029
Audit fees	4.2	By the end of 2029
Total	**28.9**	

ALIGNMENT WITH THE BUSINESS PLAN IN THE 2023 ANNOUNCEMENT

The Board believes that the change in use of proceeds as set out in the 2026 Announcement is in line with the business plan, strategy and direction of the Company as set out in the 2023 Announcement, as the reallocation of unutilized net proceeds represents a refinement within the original business framework, demonstrating the Company's prudent and adaptive resource allocation in response to changing market environment and its current stage of development. Further details are set out below:

1. Strategic acquisitions or investments in property management companies and market expansion

The Company has regarded strategic acquisitions and investments as one of its core strategies for business development and expansion since its Listing. As disclosed in the 2023 Announcement, the Board resolved to broaden the scope of usage from "strategic acquisitions or investments in property management companies" to "strategic acquisitions or investments in property management companies and market expansion", reflecting the Group's strategic shift from a sole focus on equity interest acquisitions to a dual-driven approach of "acquisitions plus market expansion". The Company has noted that, while the supply of quality acquisition targets has decreased significantly due to the general downturn in the real estate market, industry competition has shifted from a race for scale to a contest for quality, which has led the Group to redirect more resources toward organic growth and market expansion. The Board believes that the current increase in the proportion of net proceeds allocated to "strategic acquisitions or investments in property management companies and market expansion" aligns with the business plan set out in the 2023 Announcement, as it represents a deepening and reinforcement of the same strategic direction, providing the Group with the financial support needed to maintain strategic flexibility and to seize suitable opportunities that may arise.

2. General business operations and working capital

Maintaining sufficient working capital has always been key to the Group's stable operations, particularly under the current macroeconomic environment. The Board believes that the current increase in the proportion of net proceeds allocated to "general business operations and working capital" aligns with the business plan set out in the 2023 Announcement. It provides a buffer for day-to-day operations, ensuring that the Group remains unaffected by short-term cash flow fluctuations, while also supporting the foundational operations of the Group's existing businesses and the new business initiatives identified under "strategic acquisitions or investments in property management companies and market expansion".

3. **Development of our intelligent community**

The Board has re-evaluated the current progress achieved and the further resources needed for the development of the intelligent community. The Company remains committed to its strategy of ‘‘technology empowerment and digital transformation’’. However, the Board has also noted that certain technology system projects originally planned under this intended use have been adjusted or scaled back in response to changes in business scale and market conditions. In addition, given the rapid advancement of artificial intelligence technologies, some system development plans require reassessment to mitigate the risk of inefficient investment. As such, the current reallocation of the net proceeds is expected to enhance the efficiency of their utilization.

4. **Implementation of the “five talents” strategy (五才戰略) and other employee expenses**

The Company believes that the long-term sustainable development of its employees is an important factor contributing to the Group’s long-term performance growth. Nevertheless, taking into account the easing of recruitment competition during the industry adjustment cycle, and the fact that the Group has already established a relatively robust talent acquisition and training system through earlier focused investments, the Board has determined that more resources should be directed toward areas that are directly relevant to business growth.

Save as disclosed in this announcement, all other information in the 2026 Announcement remains unchanged. The Company will closely monitor any material adverse changes in market conditions and, where necessary, adjust its net proceeds allocation plan and make appropriate disclosures to its Shareholders and potential investors in a timely manner in accordance with the Listing Rules.

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

Hong Kong, August 12, 2026

As at the date of this announcement, our executive Directors are Mr. Liu Peiqing, Ms. Zhu Li and Mr. Wang Song, 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.