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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)

CHANGE IN USE OF PROCEEDS

References are made to 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 Shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Listing**”), and 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, 2021 (the “**Annual Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus.

CHANGE IN USE OF PROCEEDS

As disclosed in the Annual Report, aggregate net proceeds received by the Company from the Listing were approximately HK\$571.2 million (the “**Net Proceeds**”). As of June 7, 2022, being the latest practicable date ascertaining certain information in relation to the utilization of the Net Proceeds, the unutilized Net Proceeds amounted to approximately HK\$363.7 million (the “**Unutilized Net Proceeds**”). The Board has resolved to change the use of the Net Proceeds as follows:

- (i) Up to 20.0%, or HK\$114.2 million, which was originally intended to be used to invest in energy operation projects and obtain energy operation rights and remained unutilized as of June 7, 2022, will be used to distribute to the Shareholders by way of cash dividend in the following manner:
 - (a) Subject to approval of the Shareholders at the annual general meeting of the Company to be held on June 21, 2022, up to HK\$67.7 million will be used for payment of the final dividend for the year ended December 31, 2021.
 - (b) Up to HK\$46.5 million will be used for payment of dividend in the upcoming financial years.

The Board has no immediate plan for declaration of special dividend and does not currently intend to utilize any part of the Unutilized Net Proceeds for declaration or payment of special dividend.

- (ii) To the extent that the Unutilized Net Proceeds are not immediately required for the usage as disclosed in the Annual Report and this announcement 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. 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 Prospectus.

Save as disclosed in this announcement, the intended uses of other items of the Net Proceeds remain unchanged. For details, please refer to the section headed “Future Plans and Use of Proceeds” in the Prospectus and the Annual Report.

REASONS FOR AND BENEFITS OF PROPOSED CHANGE IN USE OF PROCEEDS

Since the investment in or acquisition of energy operation projects involves inspection of energy station equipment (especially the concealed works), cooperation with the relevant property management companies, in-depth understanding of historical conditions, etc., this requires high-level due diligence. The actual takeover, when there are significant deviations from the actual situation, will pose potential risks to the business operations and financial performance of the project and therefore a cautious approach to investing in or acquiring standalone energy operation projects is taken. The Company has not identified any suitable target so far. However, the Company will continue to pursue business opportunities to discover, invest in, acquire or host standalone energy operation projects and will fund any capital need in this regard with its internal financial resources rather than the Unutilized Net Proceeds.

With a view to improving efficiency in the use of the Company’s temporarily idle raised proceeds, in the circumstance that the Company shall ensure that there will have no impacts to the planned usage of Unutilized Net Proceeds, the Company may utilize any part of the Unutilized Net Proceeds to purchase short-term wealth management products from financial institutions, in order to improve the efficiency and effectiveness in the use of the Company’s temporarily idle raised proceeds and pursue better investment return to the Company and the Shareholders as a whole. The proposed purchase(s) of wealth management products, if materialise, may constitute notifiable transaction(s) of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Further announcement(s) will be made by the Company in this regard as and when appropriate in accordance with the Listing Rules.

The Board is of the view that there are no material changes in the nature of business objectives as set out in the Prospectus and that the proposed change in the use of the Net Proceeds is in the interest of the Company and its shareholders as a whole.

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

Hong Kong, June 10, 2022

As at the date of this announcement, our executive Directors are Mr. Liu Peiqing, Mr. Jia Yan, Mr. Jin Chungang and Ms. Zhu Li, our non-executive Directors are Mr. Zhang Peng and Mr. Long Han, and our independent non-executive Directors are Ms. Sun Jing, Mr. Cheng Peng and Mr. Chen Sheng.