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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)**

**(1) CONNECTED AND DISCLOSEABLE TRANSACTION:  
DISPOSAL OF RECEIVABLES AND PERFORMANCE INCENTIVE;  
(2) RESIGNATION OF DIRECTOR AND  
APPOINTMENT OF DEPUTY GENERAL MANAGER; AND  
(3) APPOINTMENT OF NON-EXECUTIVE DIRECTOR**

References are made to (i) the announcement (the “**Acquisition Announcement**”) of First Service Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated March 30, 2021 in relation to the acquisition (the “**Acquisition**”) of 100% equity interest in Qingdao Luohang Enterprises Management Co., Ltd.\* (青島洛航企業管理有限公司) (the “**Target Company**”) and the announcement of the Company dated August 1, 2023 in relation to, among others, the updates on the performance guarantees under the equity transfer agreements in relation to the Acquisition (the “**Performance Guarantee Update Announcement**”), (ii) the announcements of the Company dated November 21, 2022, December 30, 2022, March 30, 2023, June 20, 2023 and October 13, 2023 in relation to, amongst other things, the major transaction in relation to the acquisition of 8% of the issued share capital of Century Golden Resources Services Group Co., Ltd. involving the issue of Consideration Shares under Specific Mandate, the major transaction in relation to grant of Call Option and Put Option, and the nomination of Director, and (iii) the circular of the Company dated May 31, 2023 (the “**Circular**”). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those set out in the Acquisition Announcement and the Circular.

**THE SUPPLEMENTAL AGREEMENT II**

On November 20, 2023, First Property Service (Beijing) Co., Ltd. (the “**Purchaser**”) (an indirect wholly-owned subsidiary of the Company) entered into a second supplemental agreement with Ms. Wang Zhilan (“**Ms. Wang**”), Weihai Shangcheng, the Target Company and Shangcheng Property (the “**Supplemental Agreement II**”).

## **Subject Matters**

Pursuant to the Supplemental Agreement II, (i) Ms. Wang has agreed to purchase from Shangcheng Property receivables owed to Shangcheng Property in the aggregate sum of RMB18,325,200 (the “**Receivables**”) at a consideration equal to its face value of RMB18,325,200 (the “**Receivables Disposal**”), and (ii) the Purchaser agreed to grant certain performance incentive to Weihai Shangcheng and Ms. Wang (the “**2023 Performance Incentive**”).

### **Receivables Disposal**

As of the date of the Supplemental Agreement II, the aggregate face value of the Receivables is RMB18,325,200, which comprises of receivables incurred in the ordinary course of business of Shangcheng Property which arose from property management projects that are no longer under Shangcheng Property’s management as of the date of the Supplemental Agreement II. As of the date of this announcement, the Receivables had been owed to Shangcheng Property for at most two years.

The consideration of the Receivables is RMB18,325,200 (the “**Receivables Consideration**”), which is equal to the face value of the Receivables. The Receivables Consideration was determined after arm’s length negotiations with reference to the face value of the Receivables as of the date of the Supplemental Agreement II and the aging and possibility of recovery of the Receivables.

The Receivables Consideration shall be paid by Ms. Wang on or before February 29, 2024 in cash. Weihai Shangcheng has guaranteed the due performance of Ms. Wang’s payment obligation in respect of the Receivables Consideration. In the event that neither Ms. Wang nor Weihai Shangcheng pays the Receivables Consideration to Shangcheng Property in full on or before February 29, 2024, the Purchaser shall have the right to deduct such unpaid amount from the Balance of Consideration, which shall be payable by the Purchaser to the Vendors on March 31, 2024 pursuant to the Equity Transfer Agreements (as defined, and details were disclosed, in the Acquisition Announcement), and Shangcheng Property shall have the right to deduct any unpaid amount from the profit distributable to Weihai Shangcheng. Completion of the transfer of Receivables will take place upon completion of the relevant procedures in compliance with applicable laws and legal requirements.

## Financial Impact of the Receivables Disposal

It is estimated that the Group will recognize a financing cost of RMB0 in respect of the Receivables Disposal, which is calculated based on the book value of the Receivables, less the total consideration of the Receivables Disposal. The actual gain or loss in connection with the Receivables Disposal will be assessed after completion of the Receivables Disposal and is subject to the final review and audit by the auditor of the Company.

The proceeds from the Receivables Disposal will be used in day-to-day business operations.

## 2023 Performance Incentive

As disclosed in the Acquisition Announcement, Vendor I, Vendor II, Weihai Shangcheng and Ms. Wang covenanted, among others, that for the years ended December 31, 2021, 2022 and 2023, the revenue of Shangcheng Property shall be no less than RMB132,000,000, RMB145,000,000 and RMB159,500,000, respectively (the “**Shangcheng Property Guaranteed Revenue**”). Accordingly, the aggregate guaranteed revenue during the Performance Undertaking Period shall be RMB436,500,000 (the “**Total Shangcheng Property Guaranteed Revenue**”).

As disclosed in the Performance Guarantee Update Announcement, the actual revenue of Shangcheng Property amounted to RMB125,871,000 and RMB129,031,000 for the years ended December 31, 2021 and 2022, respectively. Accordingly, the Shangcheng Property Guaranteed Revenue for the years ended December 31, 2021 and 2022 had not been fulfilled.

Pursuant to the Supplemental Agreement II, if (i) the actual aggregate revenue of Shangcheng Property during the Performance Undertaking Period will be less than the Total Shangcheng Property Guaranteed Revenue of RMB436,500,000 and (ii) the revenue of Shangcheng Property for the year ending December 31, 2024 (“**FY2024**”) will be greater than that for the year ending December 31, 2023 (“**FY2023**”), then the Purchaser shall pay an incentive fee (the “**Incentive Fee**”) to Weihai Shangcheng and Ms. Wang in the sum equal to 13% of the lower of: (i) the difference in Total Shangcheng Property Guaranteed Revenue and the actual aggregate revenue of Shangcheng Property during the Performance Undertaking Period and (ii) the increase in revenue in Shangcheng Property from FY2023 to FY2024.

The Incentive Fee shall be paid by the Purchaser to Weihai Shangcheng and Ms. Wang. Based on the actual aggregate revenue of Shangcheng Property for the years ended December 31, 2021 and 2022, the maximum Incentive Fee payable by the Purchaser will be RMB23,607,740.

The Incentive Fee will be settled by the Purchaser in cash using the internal resources of the Group or offsetting payables that may then be owed by Weihai Shangcheng and Ms. Wang to the Purchaser (if any).

Save as disclosed herein, all terms in the Equity Transfer Agreements remain unchanged. In particular, the 2023 Performance Incentive is an addition to the performance incentive arrangement disclosed in the Acquisition Announcement and the 2023 Performance Incentive was determined after arm's length negotiation with Ms. Wang in or around August 2023. In addition, the Balance of Consideration payable by the Purchaser to the Vendors will be adjusted in accordance with the terms and conditions of the Equity Transfer Agreements, details of which have been disclosed in the Acquisition Announcement.

## **INFORMATION ON THE PARTIES**

### **The Company, the Group and the Purchaser**

The Company is a company incorporated in the Cayman Islands with limited liability and its Shares have been listed on the Stock Exchange. The Group is principally engaged in provision of property management services to residential and non-residential buildings.

The Purchaser is a limited liability company established under the laws of the PRC on December 6, 1999. It is an indirect wholly-owned subsidiary of the Company. The Purchaser is principally engaged in providing property management services.

### **The Target Company**

The Target Company is a company established under the laws of the PRC with limited liability on March 8, 2021. The Target Company is an investment holding company. As of the date of this announcement, the Target Company is wholly-owned by the Group.

### **Shangcheng Property**

Shangcheng Property is a company established under the laws of the PRC with limited liability on May 27, 2005 and is owned as to 70% by the Target Company and 30% by Weihai Shangcheng. Shangcheng Property is principally engaged in property management services.

### **Weihai Shangcheng and Ms. Wang**

Weihai Shangcheng is a company established under the laws of the PRC with limited liability on January 26, 2021 and is owned as to 80% by Ms. Wang, 10% by Ms. Zhang Lifeng and 10% by Ms. Xu Qiuxiang. Weihai Shangcheng is principally engaged in

property management services. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Ms. Zhang Lifeng and Ms. Xu Qiuxiang are Independent Third Parties.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT II**

By entering into the Supplemental Agreement II, the Receivables Disposal is expected to enable the Group to control the risk and reduce the amount of account receivables of Shangcheng Property, a non-wholly owned subsidiary of the Company, which in turn will improve the financial condition and financial statements of the Group. Besides, the purpose of the grant of 2023 Performance Incentive is to provide additional incentive to Ms. Wang and Weihai Shangcheng and to promote the success of the Group through aligning performance goals of the Group with them. In view of the foregoing, the Directors believe that the entering into of the Supplemental Agreement II is conducive to the continuous enhancement of the Group's cooperation with Ms. Wang and Weihai Shangcheng, and in the long run, favours the performance and development of Shangcheng Property.

The Directors (including the independent non-executive Directors) are of the view that the terms of and the transactions contemplated under the Supplemental Agreement II (including the Receivables Disposal, the Receivables Consideration, the 2023 Performance Incentive and the Incentive Fee) were arrived at after arm's length negotiations among the parties, and are on normal commercial terms, fair and reasonable and that although the entering into of the Supplemental Agreement II is not in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As Ms. Wang is a director and substantial shareholder of Shangcheng Property, a subsidiary of the Company, Ms. Wang is a connected person at the subsidiary level of the Company. As Weihai Shangcheng is owned as to 80% by Ms. Wang, Weihai Shangcheng is an associate of Ms. Wang. The transactions contemplated under the Supplemental Agreement II constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (i) Ms. Wang is a connected person at the subsidiary level of the Company, (ii) the Board has approved the transactions contemplated under the Supplemental Agreement II, and (iii) the independent non-executive Directors have confirmed that the terms of the Supplemental Agreement II are fair and reasonable and the Supplemental Agreement II is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the entering into of the Supplemental Agreement II is subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Receivables Disposal are more than 5% but less than 25%, the Receivables Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules. As the Acquisition was completed over 12 months prior to the date of the Supplemental Agreement II, the transactions contemplated under the Supplemental Agreement II are not aggregated with the Acquisition for the purpose of calculating the percentage ratios under the Listing Rules.

#### **APPROVAL OF THE BOARD**

The Board has approved the Supplemental Agreement II and the transactions contemplated thereunder. None of the Directors had any material interest in the transactions contemplated under the Supplemental Agreement II. Therefore, no Director is required to abstain from voting on the resolutions of the Board in approving the Supplemental Agreement II and the transactions contemplated thereunder.

#### **RESIGNATION OF DIRECTOR AND APPOINTMENT OF DEPUTY GENERAL MANAGER**

The Board announces that Mr. Jia Yan (“**Mr. Jia**”), an executive Director and the co-chief executive officer of the Company, tendered his resignation to the Board and resigned as an executive Director and the co-chief executive officer of the Company with effect from November 20, 2023 in order to devote more time to other work arrangements in the Group.

Mr. Jia confirmed that, (i) he does not have any claim of any kind of compensation against the Company in respect of his resignation; (ii) he does not have any disagreement with the Board; and (iii) there are no other matters in relation to his resignation that need to be brought to the attention of the Shareholders and the Stock Exchange.

Follow his resignation as an executive Director and the co-chief executive officer of the Company, Mr. Jia will be appointed as the deputy general manager of the Company on the same day to assist the chief executive officer of the Company in the performance of works of the Company. His remuneration will be determined based on the remuneration policy of the Company and by reference to his experience, responsibilities in the Company and the prevailing market conditions.

The Board would like to take this opportunity to express its sincere gratitude to Mr. Jia for his able leadership, invaluable efforts and contribution to the Company during the tenure of his office.

## APPOINTMENT OF NON-EXECUTIVE DIRECTOR

Reference is made to the announcement of the Company dated October 13, 2023 in relation to, amongst other things, the nomination of Director. The Board is pleased to announce that the Board has resolved to appoint Mr. Wang Ziming (“**Mr. Wang**”) as a non-executive Director and his appointment will take effect upon Completion.

The biographical details of Mr. Wang are set out below:

Mr. Wang, aged 28, 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 as to 60% and 40%, respectively, as of the date of this announcement, since August 2020. He is responsible for external equity investment and industrial capital operation of Century Golden Resources Investment Group Co., Ltd.. Prior to that, from October 2017 to August 2020, Mr. Wang worked at PricewaterhouseCoopers Zhong Tian LLP, in which his last position was senior auditor, where he was responsible for the provision of annual audit, IPO audit and special audit services for listed companies.

Mr. Wang graduated with a bachelor’s degree in management from Lanzhou University in the PRC. Mr. Wang has passed The Association of Chartered Certified Accountants (ACCA) examination in October 2019, and passed The Chinese Institute of Certified Public Accountants (CICPA) Professional Stage examination in November 2021.

As of the date of this announcement, Mr. Wang has entered into a letter of appointment with the Company for an initial fixed term of three years commencing upon Completion, subject to retirement by rotation and re-election at least once every three years in accordance with the articles of association of the Company and the Listing Rules. Pursuant to the said letter of appointment, Mr. Wang will receive no remuneration in his capacity as a non-executive Director.

Save as disclosed above, as of the date of this announcement, Mr. Wang has confirmed that he does not hold (i) any other position with the Company or other members of the Group; (ii) any directorship in any other public companies with securities of which are listed on any securities market in Hong Kong or overseas in the last three years; or (iii) any other major appointments or professional qualifications.

Save as disclosed above, as of the date of this announcement, Mr. Wang has confirmed that he does not have any relationship with any director, senior management or substantial shareholder or controlling shareholder of the Company, or any interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, there is no other information that is required to be disclosed pursuant to any of the requirements under paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders or the Stock Exchange relating to Mr. Wang's appointment.

The Board would like to take this opportunity to welcome Mr. Wang in joining the Company.

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

Hong Kong, November 20, 2023

*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 and Mr. Long Han, and our independent non-executive Directors are Ms. Sun Jing, Mr. Cheng Peng and Mr. Chen Sheng.*