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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)

CONNECTED TRANSACTION ASSIGNMENT OF RECEIVABLES AGREEMENT

ASSIGNMENT OF RECEIVABLES AGREEMENT

On December 4, 2023, Xi'an First Property, an indirectly wholly-owned subsidiary of the Company, and First MOMA Sports Culture entered into the Assignment of Receivables Agreement, pursuant to which Xi'an First Property assigned to First MOMA Sports Culture its rights and obligations in respect of the Outstanding Receivables owed by Shaanxi Zhuoli at a consideration of RMB5,017,217.22.

IMPLICATIONS UNDER THE LISTING RULES

As of the date of this announcement, First MOMA Sports Culture is owned by Mr. Zhang Peng as to 50.59% and Mr. Long Han as to 13.03%.

Mr. Zhang Peng is the chairman of the Board and a non-executive Director. Mr. Long Han is a non-executive Director. Hence, First MOMA Sports Culture is an associate of Mr. Zhang Peng and is a connected person of the Company. The transactions contemplated under the Assignment of Receivables Agreement constitute a connected transaction of the Company.

As one or more of the applicable percentage ratios for the Assignment of Receivables Agreement exceed 0.1% but are all less than 5%, the Assignment of Receivables Agreement is subject to the reporting and announcement requirements and is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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Set out below is a summary of the principal terms of the Assignment of Receivables Agreement:

ASSIGNMENT OF RECEIVABLES AGREEMENT

Date : December 4, 2023

Parties : (a) Xi'an First Property, as the assignor; and
(b) First MOMA Sports Culture, as the assignee.

Details of the transaction : Pursuant to the Assignment of Receivables Agreement, Xi'an First Property agreed to assign and First MOMA Sports Culture agreed to assume the rights and obligations in respect of the Outstanding Receivables owed by Shaanxi Zhuoli at a consideration of RMB5,017,217.22.

Consideration and payment term : The consideration of the Assignment of Receivables Agreement is RMB5,017,217.22, which shall be settled by First MOMA Sports Culture in one lump sum in full and in cash and within 2 years upon completion of the set-off of the Outstanding Payables. It is estimated that the Outstanding Payables will be settled within one year.

The consideration was determined by Xi'an First Property and First MOMA Sports Culture after arm's length negotiations with reference to the net book value of the Outstanding Receivables as of October 31, 2023 and the likelihood of repayment of Outstanding Receivables owed by Shaanxi Zhuoli based on its own debt crisis.

Completion of the assignment : Xi'an First Property shall within 15 business days upon the Assignment of Receivables Agreement taking effect use its best endeavour to facilitate assignment of the Outstanding Receivables, including but not limited to, notifying Shaanxi Zhuoli of the assignment of the Outstanding Receivables to First MOMA Sports Culture.

Upon completion, First MOMA Sports Culture shall become the creditor of the Outstanding Receivables and shall be entitled to exercise all the rights and obligations in respect of the Outstanding Receivables. First MOMA Sports Culture shall undertake the responsibilities, risks and losses in the process of recovering the Outstanding Receivables.

FINANCIAL EFFECTS OF THE TRANSACTION

Based on (i) the net book value of the Outstanding Receivables in the sum of RMB5,701,383.21; and (ii) the consideration of the Assignment of Receivables Agreement in the sum of RMB5,017,217.22, the Company is expected to record a loss of approximately RMB684,165.99 from the transactions contemplated under the Assignment of Receivables Agreement. The actual amount of a gain or loss as a result of the transactions contemplated under the Assignment of Receivables Agreement to be recorded by the Company will be subject to the review and final audit by the auditor of the Company.

The Company intends to apply the proceeds from the transactions contemplated under the Assignment of Receivables Agreement as general working capital.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ASSIGNMENT OF RECEIVABLES AGREEMENT

In light of the debt crisis faced by Shaanxi Zhuoli and based on the likelihood of repayment of Outstanding Receivables owed by Shaanxi Zhuoli, entering into the Assignment of Receivables Agreement may clear debts in a simple and efficient manner and increase the likelihood of repayment of Outstanding Receivables, which would improve the Group's financial condition. The Outstanding Receivables arose from property management services provided by the Group to Shaanxi Zhuoli in the past.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the Assignment of Receivables Agreement has been entered into on normal commercial terms and the terms and consideration of the Assignment of Receivables Agreement are fair and reasonable and that although the transactions contemplated under

the Assignment of Receivables Agreement are not in the ordinary and usual course of business of the Group, it is in the interests of the Shareholders and the Company as a whole.

Mr. Zhang Peng is the chairman of the Board and a non-executive Director. Mr. Long Han is a non-executive Director. As of the date of this announcement, First MOMA Sports Culture is owned by Mr. Zhang Peng as to 50.59% and Mr. Long Han as to 13.03%. As such, Mr. Zhang Peng and Mr. Long Han are deemed to be interested in the transactions contemplated under the Assignment of Receivables Agreement and have abstained from voting on the relevant Board resolutions approving the Assignment of Receivables Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the Assignment of Receivables Agreement and is required to abstain from voting on the Board resolutions approving the Assignment of Receivables Agreement and the transactions contemplated thereunder.

INFORMATION OF THE PARTIES

Xi'an First Property and the Company

Xi'an First Property is a limited liability company established in the PRC on March 28, 2013, and an indirect wholly-owned subsidiary of the Company. Xi'an First Property is principally engaged in providing property management services.

The Company is principally engaged in providing property management services and green living solutions that cover the full property life-cycle in the PRC.

First MOMA Sports Culture

First MOMA Sports Culture is a company established in the PRC with limited liability on November 21, 2002, which is directly and indirectly owned as to 50.59% by Mr. Zhang Peng, the chairman of the Board and a non-executive Director, and directly and indirectly owned as to 13.03% by Mr. Long Han, a non-executive Director. First MOMA Sports Culture is principally engaged in the fitness, sports services and green education services.

Shaanxi Zhuoli

Shaanxi Zhuoli is a company established in the PRC with limited liability on December 28, 2009 and principally engaged in real estate development. As of the date of this announcement, the ultimate beneficial owners of Shaanxi Zhuoli are He Yankui (何炎奎) and Ruan Ronghua (阮榮華) who holds 60% and 40% of equity interest in Shaanxi Zhuoli respectively. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Shaanxi Zhuoli and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

As of the date of this announcement, First MOMA Sports Culture is owned by Mr. Zhang Peng as to 50.59% and Mr. Long Han as to 13.03%.

Mr. Zhang Peng is the chairman of the Board and a non-executive Director. Mr. Long Han is a non-executive Director. Hence, First MOMA Sports Culture is an associate of Mr. Zhang Peng and is a connected person of the Company. The transactions contemplated under the Assignment of Receivables Agreement constitute a connected transaction of the Company.

As one or more of the applicable percentage ratios for the Assignment of Receivables Agreement exceed 0.1% but are all less than 5%, the Assignment of Receivables Agreement is subject to the reporting and announcement requirements and is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

“Assignment of Receivables Agreement”	the assignment of receivables agreement dated December 4, 2023 entered into between Xi’an First Property and First MOMA Sports Culture in respect of the assignment of Xi’an First Property’s rights and obligations in connection with the Outstanding Receivables to First MOMA Sports Culture
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	First Service Holding Limited (第一服务控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“First MOMA Sports Culture”	First MOMA Sports Culture Development (Beijing) Co., Ltd.* (第一摩碼體育文化發展(北京)股份有限公司), a company established in the PRC with limited liability on November 21, 2002, which is directly and indirectly owned as to 50.59% by Mr. Zhang Peng, the chairman of the Board and a non-executive Director, and directly and indirectly owned as to 13.03% by Mr. Long Han, a non-executive Director
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Outstanding Payables”	outstanding payables of RMB5,064,447.06 owed to Shaanxi Zhuoli by First MOMA Sports Culture
“Outstanding Receivables”	outstanding receivables of RMB5,701,383.21 owed to Xi’an First Property by Shaanxi Zhuoli
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shaanxi Zhuoli”	Shaanxi Zhuoli Industry Co., Ltd.* (陝西卓立實業有限公司), a company established in the PRC with limited liability on December 28, 2009
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Xi’an First Property”

Xi’an First Property Service Co., Ltd.* (西安第一物業服務有限公司), a company established in the PRC with limited liability on March 28, 2013, and an indirect wholly-owned subsidiary of the Company

“%”

per cent

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

Hong Kong, December 4, 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.

* *For identification purposes only*