

# 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

## INTERIM REPORT 2024





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# Company Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Liu Peiqing (劉培慶)  
Mr. Jin Chungang (金純剛)  
Ms. Zhu Li (朱莉)

### Non-executive Directors

Mr. Zhang Peng (張鵬) (*Chairman of the Board*)  
Mr. Long Han (龍晗)  
Mr. Wang Ziming (王子鳴)  
(appointed with effect from 13 May 2024)

### Independent Non-executive Directors

Ms. Sun Jing (孫靜)  
Mr. Chen Sheng (陳晟)  
(resigned with effect from 5 September 2024)  
Mr. Cheng Peng (程鵬)  
Mr. Yang Xi (楊熙)  
(appointed with effect from 5 September 2024)

## COMPANY SECRETARY

Ms. Ng Sau Mei (伍秀薇) (*FCG, HKFCG*)

## AUTHORIZED REPRESENTATIVES

Mr. Liu Peiqing  
Ms. Ng Sau Mei

## AUDIT COMMITTEE

Ms. Sun Jing (*Chairlady*)  
Mr. Cheng Peng  
Mr. Chen Sheng  
(resigned with effect from 5 September 2024)  
Mr. Yang Xi  
(appointed with effect from 5 September 2024)

## REMUNERATION COMMITTEE

Mr. Cheng Peng (*Chairman*)  
Mr. Zhang Peng  
Ms. Sun Jing

## NOMINATION COMMITTEE

Mr. Zhang Peng (*Chairman*)  
Mr. Cheng Peng  
Mr. Chen Sheng  
(resigned with effect from 5 September 2024)  
Mr. Yang Xi  
(appointed with effect from 5 September 2024)

## HONG KONG LEGAL ADVISER

Han Kun Law Offices LLP  
Rooms 4301–10, 43/F.,  
Gloucester Tower, The Landmark  
15 Queen's Road Central  
Hong Kong SAR, PRC

## INDEPENDENT AUDITOR

KPMG  
*Public Interest Entity Auditor registered in accordance with  
the Accounting and Financial Reporting Council Ordinance*  
8th Floor  
Prince's Building  
10 Chater Road  
Central  
Hong Kong

## THE CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited  
PO Box 1093, Boundary Hall  
Cricket Square, Grand Cayman, KY1–1102  
Cayman Islands

## HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

# Company Information

## PRINCIPAL BANK

China Guangfa Bank, Beijing Dongzhimen Branch  
1/F, Tower A  
Donghuan Plaza  
9 Dongzhong Street, Dongcheng District  
Beijing, PRC

## REGISTERED OFFICE

PO Box 309  
Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

## HEADQUARTERS

3rd Floor, Building 10  
Wanguocheng MOMA  
No. 1 Xiangheyuan Road, Dongzhimenwai  
Dongcheng District  
Beijing, PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F., Tower Two  
Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

## COMPANY'S WEBSITE

[www.firstservice.hk](http://www.firstservice.hk)

# Financial Highlights

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	<i>RMB'000</i>
Revenue	<b>658,565</b>	600,198
Profit before taxation	<b>60,979</b>	55,288
Profit for the period	<b>47,330</b>	44,426
Total comprehensive income for the period	<b>47,959</b>	51,110
	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<b>RMB'000</b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	
<b>Assets</b>		
Non-current assets	<b>325,377</b>	305,549
Current assets	<b>1,391,195</b>	1,166,387
Total assets	<b>1,716,572</b>	1,471,936
<b>Equity and liabilities</b>		
Equity attributable to the equity shareholders of the Company	<b>657,568</b>	657,490
Total equity	<b>723,114</b>	713,870
Non-current liabilities	<b>10,258</b>	8,845
Current liabilities	<b>983,200</b>	749,221
Total liabilities	<b>993,458</b>	758,066
Total equity and liabilities	<b>1,716,572</b>	1,471,936



# Chairman's Statement

Dear stakeholders,

On behalf of the Board, I am pleased to present the performance review of the Group for the first half of 2024 and the development outlook for the second half of the year.

## PERFORMANCE OVERVIEW

Reflecting on 2023, while the risks in the property management industry continued to be cleared, property management service enterprises have proactively adapted to market changes, adjusted their operating strategies, and the industry as a whole has improved in an orderly manner. This has accumulated momentum and empowered long-term development. In 2024, property management service enterprises aligned with national policies, fully integrated into urban renewal, contributed to building livable cities, and actively participated in community governance to create better living environments, while continually optimizing service standards and iterating product systems. This marks the beginning of a new cycle focused on transforming incremental growth into quality foundations, returning to the core essence of services and enhancing corporate value.

With “Quality Building, Scale Expansion and Business Creation” as its annual goal for 2024, First Service Holding adhered to the customer-centric and quality-oriented approach, strengthened processes and standardization, improved management and service levels, and continued to provide customers with green technology and comfortable and healthy living experiences.

The Company recorded total revenue of RMB658.6 million for the first half of 2024, representing a period-over-period increase of approximately 9.7%; gross profit of RMB180.9 million, representing a period-over-period increase of approximately 6.9%; and profit for the period of RMB47.3 million, representing a period-over-period increase of approximately 6.5%, achieving solid growth.

### “Quality Building”

We focused on strengthening our foundation, implementing detailed policies, and creating high-quality living spaces around the full life cycle of customer service.

### *First Half of the Year*

In terms of quality, we have built a green community ecology, launched 270 new construction and renovation projects, replanted more than 30,000 sq.m. of seedlings, and carried out more than 3,000 “Love Our Homes — Day of Action” activities. In terms of operation, we have set up a standardized system for green operation, monitored the four constant systems in real time, adjusted operation strategies, replaced smart meters to upgrade power consumption management, and purchased green electricity to optimize the energy structure. In terms of community culture, we have built a harmonious neighborhood and held more than 1,000 “Love My Home — Community Cultural Activities”, covering all holidays and meeting the diverse needs of communities. In terms of community healthiness, we have enhanced the community’s emergency rescue capability by launching the “Love My Home — Oasis of the Heart” campaign, deploying AEDs and arranging first-aid training for a number of projects, with a cumulative total of 425 staff members having obtained the Red Cross First Aid Skills Certificate, as well as carrying out offline psychological counselling lectures and setting up psychological counselling rooms to safeguard the mental health of property owners. In addition, we have rooted the “red element” in the entire process of property management, built 75 “red foundation projects”, participated in creating 116 “red property” projects, and established 12 pilot projects of the “Tripartite Co-construction Service Model”.

# Chairman's Statement

## ***Second Half of the Year***

We will continue to adhere to the customer-centric and quality-oriented approach. With regard to basic services, we will continue to implement the “Quality Renewal” programme to improve the quality of the visiting route and introduce intelligent systems to enhance customer convenience and comfort. We will also set up a quality service fund and formulate a renovation plan based on customer touch points and needs. Regarding high-level services, we will arrange community cultural activities to warmly connect the neighborhood; promote the “Oasis of the Heart” activity to build up a health defence; and build “Red Properties” to explore a new service model of “co-construction, co-governance and shared benefits”.

## **“Scale Expansion”**

We focused on gathering momentum and planning for the future, making steady progress, giving full play to the green full life scene service capabilities, and promoting the long-term development of the brand.

## ***First Half of the Year***

We recorded further growth in the scale of our services. As of 30 June 2024, the Group’s contracted GFA was approximately 84.6 million sq.m., representing a period-over-period increase of approximately 14.1%, and the total GFA under management was approximately 73.9 million sq.m., representing a period-over-period increase of approximately 39.3%. Our business layout covers 113 cities in 25 provinces in China. Our service landscape was further balanced. As of 30 June 2024, our GFA under management for residential properties was approximately 46.0 million sq.m., representing a period-over-period increase of approximately 38.9%, and our GFA under management for non-residential properties was approximately 27.9 million sq.m., representing a period-over-period increase of approximately 39.9%. Our independence was further strengthened. As of 30 June 2024, our GFA under management from third parties was approximately 52.3 million sq.m., representing a period-over-period increase of approximately 42.3%, meanwhile, the single-year contract value with third parties had increased by approximately RMB125 million in the first half of 2024, thereby laying the foundation for scale expansion.

## ***Second Half of the Year***

We will continue to adhere to scale expansion and high-quality growth. Firstly, we will focus on enhancing our internal capabilities. We will enhance our market expansion capabilities, improve the efficiency and quality of our bidding processes, elevate the comprehensive qualities of our personnel, and establish highly efficient and collaborative teams. We will also delegate project acquisition authority to seize market opportunities promptly. Secondly, we will leverage our external strengths. We will start by addressing market information gaps, deeply exploring customer resources, and strengthening collaboration with industry peers. We will also identify strategic customer targets, assign dedicated personnel to follow up with major clients, and push forward the implementation of key projects.

## **“Business Creation”**

We focused on diversified empowerment, innovation, and business creation, comprehensively promoting the construction of community life circles, and identifying new pivot points for value growth.

# Chairman's Statement

## ***First Half of the Year***

We continued to expand the boundaries of our business around community resources and the needs of property owners. Offline, we innovated consumption scenarios and experimented with private community operations. We used activities as a starting point, customized services as a feature, and focused on community life and family to establish diverse communities such as parent-child, education, outdoor, and sports, achieving hierarchical management of private users. Online, we upgraded the "Green Select" platform, created a multi-functional traffic hub that integrates various needs such as online shopping malls, offline shops, house rentals, content operations and exclusive butlers, and explored the implementation of the family center product model.

## ***Second Half of the Year***

We will continue to uphold our commitment to exploration, innovation, and business model upgrading. Focusing on "new space, new products, new life and new services", we aim to further enhance our community service system. For "new space", we will continue to develop self-operated businesses such as self-service sharing and community retail to enrich community space services. For "new products", we will introduce regional products with special characteristics and national products with brand attributes through online shopping malls and live streaming. For "new life", we will focus on the service needs of residents within walking distance. Using family centres as the product concept, we will lay out community embedded services. For "new services", we will follow the trend of new psychology, new health, and new wellness. We will incubate and invest in corresponding businesses to provide value-added service products based on the family philosophy of "truly caring for every home".

## **APPRECIATION**

The Board would like to express its sincere gratitude to the Shareholders, customers and suppliers of the Company for their continued support and trust. The Board would also like to thank all the employees and management team for implementing our Group's strategies with their professionalism, integrity and dedication.

**Zhang Peng**

*Chairman*

28 August 2024



# Management Discussion and Analysis

## OVERVIEW

### Revenue

We generate revenue primarily through our three business lines, namely (i) property management services, (ii) value-added services, and (iii) green living solutions. Our revenue increased by approximately 9.7% from RMB600.2 million for the six months ended 30 June 2023 to RMB658.6 million for the same period in 2024.

	For the six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Property management services	469,951	71.4	415,586	69.2
Value-added services	111,396	16.9	108,349	18.1
Green living solutions	77,218	11.7	76,263	12.7
<b>Total</b>	<b>658,565</b>	<b>100.0</b>	600,198	100.0

### Property Management Services

Our property management services consist of cleaning, security, gardening, repair and maintenance services provided to property developers, property owners and residents. Revenue from property management services increased by approximately 13.1% from RMB415.6 million for the six months ended 30 June 2023 to RMB470.0 million for the same period in 2024. This increase was primarily attributable to the increase in GFA under management.

The table below sets forth a breakdown of total number of contracted property management projects/projects under management and our contracted GFA/GFA under management by property type as of the dates indicated or for the periods indicated:

	As of or for the six months ended 30 June											
	2024					2023						
	No. of contracted projects	Contracted GFA		No. of projects under management	GFA under management		No. of contracted projects	Contracted GFA		No. of projects under management	GFA under management	
	'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%	
Residential properties	280	55,201	65.3	246	45,999	62.2	244	52,071	70.2	186	33,111	62.4
Non-residential properties	325	29,376	34.7	313	27,948	37.8	266	22,084	29.8	240	19,978	37.6
<b>Total</b>	<b>605</b>	<b>84,577</b>	<b>100.0</b>	<b>559</b>	<b>73,947</b>	<b>100.0</b>	510	74,155	100.0	426	53,089	100.0

## Management Discussion and Analysis

In the first half of 2024, the Group focused on market expansion and quality management in order to establish more high-quality projects and scale up its business. The Group focused on the current property market and achieved steady growth in scale. As of 30 June 2024, the Group's contracted GFA and GFA under management increased by approximately 14.1% and approximately 39.3%, respectively, compared with the same period last year. Among which, the contracted GFA and the GFA under management for residential properties increased by approximately 6.0% and approximately 38.9%, respectively, compared with the same period last year, and the contracted GFA and the GFA under management for non-residential properties increased by approximately 33.0% and approximately 39.9%, respectively, compared with the same period last year. The non-residential projects served by the Group cover a wide range of high-quality property types such as government office buildings, schools, hospitals, parks, cultural and sports centres, shopping malls, logistics parks and passenger terminals.

The table below sets forth a breakdown of total number of contracted property management projects/projects under management and our contracted GFA/GFA under management, by project source as of the dates indicated or for the periods indicated:

	As of or for the six months ended 30 June													
	2024						2023							
	No. of contracted projects	Contracted GFA		No. of projects under management		GFA under management		No. of contracted project	Contracted GFA		No. of projects under management		GFA under management	
	'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%		'000 sq.m.	%
Modern Land Group <sup>(1)</sup>	90	23,524	27.8	83	19,669	26.6	93	23,008	31.0	74	15,238	28.7		
Other associates of our controlling shareholders <sup>(2)</sup>	18	2,958	3.5	13	2,012	2.7	11	3,203	4.3	10	1,129	2.1		
Third parties	497	58,095	68.7	463	52,266	70.7	406	47,944	64.7	342	36,722	69.2		
<b>Total</b>	<b>605</b>	<b>84,577</b>	<b>100.0</b>	<b>559</b>	<b>73,947</b>	<b>100.0</b>	<b>510</b>	<b>74,155</b>	<b>100.0</b>	<b>426</b>	<b>53,089</b>	<b>100.0</b>		

Notes:

- (1) Modern Land Group means Modern Land (China) Co., Limited (當代置業(中國)有限公司) (stock code: 1107) and its subsidiaries.
- (2) Including projects sourced from other associates of our controlling shareholders (as defined under the Listing Rules) (excluding Modern Land Group), namely Modern Investment Group Co., Ltd., First MOMA Assets Management (Beijing) Co., Ltd. and Super Land Holdings Limited and each of their respective subsidiaries and 30%-controlled companies (as defined under the Listing Rules).

In 2024, the Group focused on strengthening its independence by expanding projects sourced from third parties. As of 30 June 2024, contracted GFA from third parties increased by approximately 21.2% compared with the same period last year, accounting for 68.7% of the total contracted GFA; GFA under management from third parties increased by approximately 42.3% compared with the same period last year, accounting for 70.7% of the total GFA under management.

## Management Discussion and Analysis

### Value-Added Services

We primarily provide five types of value-added services to non-property owners, property owners and residents, namely (i) sales assistance services, (ii) preliminary planning and design consultancy services, (iii) parking space management services, (iv) home living services, and (v) communal area leasing services.

The following table sets forth our revenue from value-added services by service type for the periods indicated:

	For the six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
<b>Value-added services to non-property owners</b>				
Sales assistance services	6,146	5.5	8,327	7.7
Preliminary planning and design consultancy services	1,179	1.1	3,575	3.3
<i>Subtotal</i>	<b>7,325</b>	<b>6.6</b>	11,902	11.0
<b>Community value-added services</b>				
Parking space management services	40,951	36.8	37,142	34.3
Home living services	54,496	48.9	50,816	46.9
Communal area leasing services	8,624	7.7	8,489	7.8
<i>Subtotal</i>	<b>104,071</b>	<b>93.4</b>	96,447	89.0
<b>Total</b>	<b>111,396</b>	<b>100.0</b>	108,349	100.0

Revenue from value-added services increased by approximately 2.8% from RMB108.3 million for the six months ended 30 June 2023 to RMB111.4 million for the same period in 2024. This increase was primarily due to our expansion of engineering construction and maintenance operation businesses as a part of our home living services.

### Green Living Solutions

We provide green living solutions to property developers, property owners and residents, comprising (i) energy operation services, where we operate energy stations to provide central heating and cooling as an alternative to government-operated centralized heating systems; and (ii) systems installation and product sales, where we design and install energy systems to enhance indoor comfort, and sales of our self-developed AIRDINO systems, which singly combine comprehensive capabilities such as fresh air ventilation, temperature regulation, humidification control and air purification.

## Management Discussion and Analysis

The following table sets forth our revenue from green living solutions by service category for the periods indicated:

	For the six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Energy operation services	70,642	91.5	72,061	94.5
Systems installation and product sales	6,576	8.5	4,202	5.5
<b>Total</b>	<b>77,218</b>	<b>100.0</b>	76,263	100.0

Revenue from green living solutions remained relatively stable at RMB76.3 million and RMB77.2 million for the six months ended 30 June 2023 and 2024, respectively.

### Cost of Sales

Our cost of sales increased by approximately 10.8% from RMB431.0 million for the six months ended 30 June 2023 to RMB477.7 million for the same period in 2024, primarily due to business scale expansion.

### Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by approximately 6.9% from RMB169.2 million for the six months ended 30 June 2023 to RMB180.9 million for the same period in 2024. Our gross profit margin decreased from 28.2% for the six months ended 30 June 2023 to 27.5% for the same period in 2024.

	For the six months ended 30 June			
	2024		2023	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Property management services	119,838	25.5	99,465	23.9
Value-added services	42,866	38.5	51,518	47.5
Green living solutions	18,162	23.5	18,260	23.9
<b>Total</b>	<b>180,866</b>	<b>27.5</b>	169,243	28.2

Gross profit margin of property management services was approximately 25.5% for the six months ended 30 June 2024, representing an increase of approximately 1.6 percentage points as compared to the same period last year. Such increase was primarily attributable to enhanced cost control.

# Management Discussion and Analysis

Gross profit margin of value-added services was approximately 38.5% for the six months ended 30 June 2024, representing a decrease of approximately 9.0 percentage points as compared to the same period last year. Such decrease was primarily attributable to our expansion in engineering construction and maintenance operation businesses and community e-commerce businesses as a part of our home living services, which have relatively lower gross profit margins.

Gross profit margin of green living solutions remained relatively stable at approximately 23.9% and 23.5% for the six months ended 30 June 2023 and 2024, respectively.

## Other Net Income

Our other net income increased by approximately 52.3% from RMB7.6 million for the six months ended 30 June 2023 to RMB11.6 million for the same period in 2024, primarily attributable to (i) the increase in interest income, and (ii) the decrease in claims and fines as a result of enhanced compliance governance.

## Selling Expenses

Our selling expenses increased by approximately 9.6% from RMB7.7 million for the six months ended 30 June 2023 to RMB8.5 million for the same period in 2024, primarily due to the Group's active business expansion.

## Administrative Expenses

Our administrative expenses remained relatively stable at RMB85.3 million and RMB85.6 million for the six months ended 30 June 2023 and 2024, respectively.

## Expected Credit Loss on Trade Receivables and Contract Assets

Our expected credit loss on trade receivables and contract assets increased by approximately 32.2% from RMB28.0 million for the six months ended 30 June 2023 to RMB37.0 million for the same period in 2024, primarily due to the increase in trade receivables as a result of business scale expansion.

## Income Tax

Our income tax increased by approximately 25.7% from RMB10.9 million for the six months ended 30 June 2023 to RMB13.6 million for the same period in 2024. This increase was primarily attributable to the increase in taxable income as a result of business scale expansion.

## Profit for the Period

As a result of the foregoing, our profit for the period increased by approximately 6.5% from RMB44.4 million for the six months ended 30 June 2023 to RMB47.3 million for the six months ended 30 June 2024.

## Trade and Other Receivables

As of 30 June 2024, trade and other receivables amounted to RMB637.4 million, representing an increase of approximately 11.6% as compared with RMB571.2 million as of 31 December 2023. The increase was primarily due to business expansion.

# Management Discussion and Analysis

## Trade and Other Payables

As of 30 June 2024, trade and other payables amounted to RMB445.5 million, representing an increase of approximately 10.1% as compared with RMB404.6 million as of 31 December 2023. The increase was primarily due to business expansion.

## Goodwill

As of 30 June 2024, our goodwill in the amount of RMB179.8 million was arisen from acquisitions of Dalian Yahang Property Management Co., Ltd.\* (大連亞航物業管理有限公司) (“**Dalian Yahang**”) and Qingdao Luohang Enterprises Management Co., Ltd\* (青島洛航企業管理有限公司) (“**Qingdao Luohang**”) in March 2021 in expectation of generating synergies from integrating the acquired companies into the Group’s existing property management business, which is expected to help the Group become a more efficient and effective competitor in the PRC. Our goodwill remained stable at RMB179.8 million as of both 31 December 2023 and 30 June 2024.

## Contingent Consideration

The Group’s contingent consideration totaling RMB13.2 million was arisen from the performance guarantee provisions of acquisition of Qingdao Luohang. For details, please refer to the announcements of the Company dated 30 March 2021, 1 August 2023, 20 November 2023, 19 April 2024 and 22 July 2024. The Group’s contingent consideration decreased by approximately 56.8% from RMB30.5 million as of 31 December 2023 to RMB13.2 million as of 30 June 2024, primarily due to the settlement of the final payment for the acquisition of Dalian Yahang.

## Capital Structure

Our total assets increased from RMB1,471.9 million as of 31 December 2023 to RMB1,716.6 million as of 30 June 2024. Our total liabilities increased from RMB758.1 million as of 31 December 2023 to RMB993.5 million as of 30 June 2024. Liabilities-to-assets ratio increased from 51.5% as of 31 December 2023 to 57.9% as of 30 June 2024.

The current ratio, being current assets divided by current liabilities as of the respective date, decreased from 1.56 as of 31 December 2023 to 1.41 as of 30 June 2024.

## Liquidity, Capital Resources and Gearing Ratio

The Group adopts a stable and prudent approach on its finance and treasury policy, aiming to maintain an optimal financial position and minimal financial risks. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its current business operations as well as its future investments and expansion plans. For the six months ended 30 June 2024, we financed our operations primarily through internal resources and the proceeds from the Global Offering of our Shares in connection with the Listing. We mainly utilized our cash on payments on staff costs, purchases for services and materials and other working capital needs. Our cash and cash equivalents, which were mainly denominated in Renminbi, decreased by approximately 35.1% from RMB509.8 million as of 31 December 2023 to RMB330.9 million as of 30 June 2024.

Our gearing ratio, being total interest-bearing borrowings divided by total equity, decreased from 0.51% as of 31 December 2023 to 0.39% as of 30 June 2024.



# Management Discussion and Analysis

## Capital Expenditure

Our capital expenditure increased significantly by approximately 243.0% from RMB2.3 million for the six months ended 30 June 2023 to RMB8.0 million for the same period in 2024. Our capital expenditure was used primarily for the purchase of office and other equipment, software and operation rights, and decoration and renovation.

## Indebtedness

### Bank Loans

As of 30 June 2024, the Group did not have any outstanding bank loans or any banking facilities (as of 31 December 2023: nil).

### Contingent Liabilities

As of 30 June 2024, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group that were likely to have a material and adverse effect on our business, financial condition or results of operations.

### Interim Dividend

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

### Pledge of Assets

As of 30 June 2024, the Group did not pledge any of its assets.

### Significant Events After the Reporting Period

On 12 July 2024, the Company and Fujian Yongfeng Jiye Mechanical and Electrical Installation Engineering Co., Ltd.\* (福建永豐基業機電安裝工程有限公司) (“**Fujian Yongfeng**”) entered into a master maintenance services agreement (the “**Fujian Yongfeng Master Maintenance Services Agreement**”), pursuant to which members of the Group shall procure maintenance services from Fujian Yongfeng and its subsidiaries and 30%-controlled companies (as defined under the Listing Rules), which comprise elevator system maintenance services. For further details in respect of the Fujian Yongfeng Master Maintenance Services Agreement and the transactions contemplated thereunder, please refer to the announcement of the Company dated 12 July 2024.

Save as disclosed above, there are no material events subsequent to 30 June 2024 and until the date of this interim report which could have a material impact on the operating and financial performance of the Group.

### Foreign Exchange Risk and Hedging

The Group mainly operates in the mainland China with most of the transactions denominated and settled in Renminbi. The Group has not hedged its foreign currency exchange risks, but will closely monitor the exposure and will take measures when necessary to make sure the foreign exchange risks are manageable.

# Management Discussion and Analysis

## Significant Investments, Material Acquisitions and Future Plans for Major Investment

### *Significant investment in Century Golden Resources Services Group Co., Ltd.*

As of 30 June 2024, the Group held a significant investment, with a value of over 5% of the Group's total assets as of 30 June 2024, in Century Golden Resources Services Group Co., Ltd. ("**Century Golden**"). The Group acquired 800 shares in Century Golden, representing 8% of the issued share capital of Century Golden at a consideration of RMB163,045,449.60 (equivalent to approximately HK\$179,520,000). The transaction was completed on 13 May 2024. As of 30 June 2024, the carrying amount of the Group's investment in Century Golden amounted to approximately RMB219.7 million, representing approximately 12.8% of the total assets of the Company as of 30 June 2024. No market value was available for this investment as of 30 June 2024.

Century Golden is a company incorporated in the Cayman Islands with limited liability. It is an investment holding company which wholly owns the entire equity interest in Century Life Property Service Group Co., Ltd. (世紀生活物業服務集團有限公司, "**Century Life**"). Century Life is a company established under the laws of the PRC with limited liability and is principally engaged in the provision of property management services in the PRC.

The Company's investment strategy is to invest in businesses which create synergy to the Group. The Company aims to enhance the Group's portfolio and unlock value through market expansion, service innovation, investment in businesses and establishing close business collaborations.

### *Acquisition of 51% Equity Interest in Dalian Shihang Construction Engineering Co., Ltd.*

On 31 January 2024, First Property Service (Beijing) Co., Ltd. (第一物業服務(北京)有限公司) ("**First Property Beijing**"), an indirectly wholly-owned subsidiary of the Company, and Liaoning Baiyitong Investment Holdings Co., Ltd.\* (遼寧佰億通投資控股有限公司) ("**Baiyitong**") entered into an equity transfer agreement, pursuant to which (i) Baiyitong agreed to sell and First Property Beijing agreed to acquire 51% equity interest in Dalian Shihang Construction Engineering Co., Ltd.\* (大連世航建設工程有限公司) ("**Dalian Shihang**") at nil consideration, and (ii) First Property Beijing agreed to make a capital contribution of RMB5.1 million in cash to Dalian Shihang, accounting for 51% of its registered capital. Immediately after the completion of the acquisition, the Company held 51% equity interest in Dalian Shihang. Dalian Shihang became an indirect non-wholly owned subsidiary of the Company and its financial results have been consolidated into the Group's financial statements. As at the date of the equity transfer agreement, Mr. Bai Ding (白丁) (i) was a substantial shareholder of Dalian Yahang, a subsidiary of the Company, and (ii) held 80% of the entire registered capital of Baiyitong and accordingly Baiyitong is an associate of Mr. Bai Ding. Accordingly, each of Mr. Bai Ding and Baiyitong is a connected person of the Company and the acquisition of Dalian Shihang constituted a connected and discloseable transaction of the Company under the Listing Rules.

For further details in respect of the aforesaid acquisition, please refer to the announcement of the Company dated 31 January 2024.

Save as disclosed above, the Group did not hold any other significant investment as of 30 June 2024 or conduct any material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2024. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the Prospectus, the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

# Management Discussion and Analysis

## Company Information

The Company was incorporated in the Cayman Islands on 20 January 2020 as an exempted company with limited liability, and the Shares of which were listed on the Main Board of the Stock Exchange on 22 October 2020.

## Employees

As of 30 June 2024, we had a total of 3,782 employees, all of whom were based in China.

Our success depends on our ability to attract, retain and motivate qualified personnel. The remuneration package for our employees generally includes salary and discretionary bonuses. We determine employee remuneration based on factors such as qualifications and years of experience. Employees also receive welfare benefits, including medical care, retirement benefits, occupational injury insurance and other miscellaneous items. We make contributions to mandatory social security funds for our employees to provide for retirement, medical, work-related injury, maternity and unemployment benefits.

We believe that the long-term sustainable development of our employees is an important factor to the long-term growth of the Group's performance. We implemented (i) the "Talented Apprentice" (匠才生) recruitment and training scheme to recruit fresh graduates with bachelor's degree and above, so as to provide the Company with long-term core talent pools; (ii) the "Talented Leaders Scheme" (將才計劃) to hunt for and bring in mature business and management talents from external sources; (iii) the "Starlight Training Scheme" (星光培訓計劃) to guarantee the provision of systematic training for the promotion of internal staff; (iv) the "Star Rating Scheme" (星級評定計劃) to attract external talents and retain internal outstanding employees by constructing a differentiated salary system; and (v) the "Long March Scheme" (長征計劃) to focus on the long-term growth of our employees, which includes creating a compliant and dedicated environment, focusing on the vitality of core talents, setting up employee care groups and performance counselling groups to care for the employees and conduct performance coaching to convey warmth of the organization and foster service culture, improving the internal talent mobility mechanisms, and designing an appraisal mechanism related to performance and an incentive and accountability system. We also initiated the "Feng He Scheme" (風禾計劃) to attach importance to the self-improvement of senior management and executives of the Company and lay a solid foundation for the management of the Company, so as to maintain rapid and healthy development for our Company. Moreover, we have adopted the Share Option Scheme to incentivize qualified employees and the Share Award Scheme to retain eligible persons.

## No Material Change

Since the publication of the Group's audited financial statements for the year ended 31 December 2023 on 25 April 2024, there has been no material change to the Group's business.

# Management Discussion and Analysis

## Use of Proceeds

The Company was listed on the Stock Exchange on 22 October 2020. The net proceeds from the Global Offering amounted to approximately HK\$571.2 million, and have been, and are proposed to be, applied in accordance with the intended use of the proceeds as set out in (i) the section headed “Future Plans and Use of Proceeds” of the Prospectus; and (ii) the Company’s announcement dated 27 December 2023 in relation to the change in use of proceeds (the “**Announcement**”). The following table sets forth the status of the use of net proceeds from the Global Offering<sup>(1)</sup> as of 30 June 2024:

Revised intended use of proceeds	Percentage of revised intended use of proceeds %	Revised intended use of proceeds from the Global Offering	Amount of utilized proceeds as of 30 June 2024 <i>In HK\$ millions</i>	Amount of unutilized proceeds as of 30 June 2024	Timeframe for the unutilized balance
<b>Strategic acquisitions or investments in property management companies and market expansion</b>	<b>38.0</b>	<b>217.1</b>	<b>211.4</b>	<b>5.7</b>	By the end of 2026
<b>Distribute to the Shareholders by way of cash dividend</b>	<b>32.0</b>	<b>182.8</b>	<b>97.7</b>	<b>85.1</b>	By the end of 2026
<b>Develop our intelligent community and enhance our information technology systems</b>	<b>10.0</b>	<b>57.1</b>	<b>11.0</b>	<b>46.1</b>	By the end of 2026
Upgraded our internal systems	2.8	16.0	3.2	12.8	By the end of 2026
Develop our intelligent community	7.2	41.1	7.8	33.3	By the end of 2026
<b>Implementation of the “five talents” strategy (五才戰略) and other employee expenses</b>	<b>10.0</b>	<b>57.1</b>	<b>24.6</b>	<b>32.5</b>	By the end of 2026
<b>General business operations and working capital</b>	<b>10.0</b>	<b>57.1</b>	<b>57.1</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>100.0</b>	<b>571.2</b>	<b>401.8</b>	<b>169.4</b>	

Notes:

- (1) The figures in the table are approximate figures.
- (2) To the extent that the net proceeds from the Global Offering are not immediately required for the above purposes 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. In such event, the Company will comply with the appropriate disclosure requirements under the Listing Rules. 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 Announcement.

## Other Information

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance its corporate value and accountability. The Company has adopted the CG Code as its own code of governance. The Company has complied with all the applicable code provisions set out in the CG Code during the six months ended 30 June 2024. The Company will continue to review and monitor its corporate governance practice to ensure compliance of the CG Code.

### COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. After making specific enquiry to all Directors, the Directors have confirmed that they have fully complied with the required standard set out in the Model Code during the six months ended 30 June 2024.

### AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established the Audit Committee with written terms of reference in compliance with the CG Code. As of the date of this interim report, the Audit Committee consists of three independent non-executive Directors, namely Ms. Sun Jing (Chairlady), Mr. Cheng Peng and Mr. Chen Sheng (with Ms. Sun Jing possessing the appropriate professional qualifications and accounting and related financial management expertise). The main duties of the Audit Committee are to assist the Board in providing an independent review of the completeness, accuracy and fairness of the financial information of the Group, as well as the efficiency and effectiveness of the Group's operations and internal controls.

The Audit Committee has discussed with the management and external auditor the accounting principles and policies adopted by the Group, reviewed the interim results for the six months ended 30 June 2024 and considered that the interim results have been prepared in accordance with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements and have made appropriate disclosures accordingly.

### CHANGES IN DIRECTORS' INFORMATION

Mr. Wang Ziming has been appointed as a non-executive Director with effect from 13 May 2024.

Mr. Chen Sheng has resigned as an independent non-executive Director, a member of the Audit Committee and a member of the Nomination Committee with effect from 5 September 2024.

Mr. Yang Xi has been appointed as an independent non-executive Director, a member of the Audit Committee and a member of the Nomination Committee with effect from 5 September 2024.

For further details, please refer to the announcements of the Company dated 13 May 2024 and 5 September 2024.

Save as disclosed above, the Directors confirm that no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the six months ended 30 June 2024.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities (including sale of treasury Shares, if any) of the Company.

## Other Information

### USE OF PROCEEDS

The Company's Shares were listed on the Main Board of the Stock Exchange on 22 October 2020, with a total of 250,000,000 Shares being issued. Based on the final offer price of HK\$2.40 per Share, the net proceeds from the Global Offering to be received by the Company, after deduction of underwriting fees and commission, and other estimated expenses payable by the Company in connection with the Global Offering are approximately HK\$571.2 million. Details of the Group's use of proceeds from the Global Offering as of 30 June 2024 are set out in the section headed "Management Discussion and Analysis — Use of Proceeds" in this interim report.

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### 1. Interests in the Company

Name of Director	Nature of interest	Number of Shares held <sup>(6)</sup>	Approximate percentage of shareholding interest <sup>(1)</sup>
Zhang Peng <sup>(5)</sup>	Beneficial owner	8,225,000	0.65%
	Interest in controlled corporation <sup>(2)</sup>	170,777,250	13.51%
Liu Peiqing	Interest in controlled corporation <sup>(3)</sup>	11,873,750	0.94%
Long Han	Interest in controlled corporation <sup>(4)</sup>	10,511,250	0.83%
Zhu Li	Beneficial owner	676,155	0.05%
Jin Chungang	Beneficial owner	1,007,282	0.08%

Notes:

- (1) The percentage represents the number of ordinary shares interested divided by the number of issued Shares as at 30 June 2024.
- (2) The Shares are registered under the name of Hao Fung, which is wholly owned by Mr. Zhang Peng. Accordingly, Mr. Zhang Peng is deemed to be interested in all the Shares held by Hao Fung.
- (3) The Shares are registered under the name of Liu Pei Qing Management, which is wholly owned by Mr. Liu Peiqing. Accordingly, Mr. Liu Peiqing is deemed to be interested in all the Shares held by Liu Pei Qing Management.
- (4) The Shares are registered under the name of Long Han Management, which is wholly owned by Mr. Long Han. Accordingly, Mr. Long Han is deemed to be interested in all the Shares held by Long Han Management.
- (5) Mr. Zhang Peng, together with Mr. Zhang Lei, being parties acting in concert, were interested in 513,929,000 Shares, representing approximately 40.66% of the number of issued Shares as at 30 June 2024.
- (6) All interests stated are long positions.



## Other Information

### 2. Interests in associated corporations of the Company

Name of Director/ chief executive	Name of associated corporation	Nature of interest	Amount of share capital held	Approximate percentage of shareholding interest <sup>(1)</sup>
Zhang Peng	First Living <sup>(1)</sup>	Beneficial owner	RMB1,317,397	3.8%
Jia Yan	First Living <sup>(1)</sup>	Beneficial owner	RMB1,221,853	3.5%

Note:

(1) First Living, a non-wholly owned subsidiary of our Company and thus an associated corporation of our Company.

Save as disclosed above, as at 30 June 2024, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, to the best knowledge of the Directors, the following persons (not being a Director or a chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fell to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of interest	Number of Shares <sup>(8)</sup>	Approximate percentage of shareholding interest <sup>(1)</sup>
Zhang Lei <sup>(2)</sup>	Interest in controlled corporation	334,926,750	26.50%
Yu Jinmei <sup>(3)</sup>	Interest of spouse	334,926,750	26.50%
Glorious Group <sup>(2)</sup>	Beneficial owner	334,926,750	26.50%
Printrust Company (Singapore) Limited <sup>(4)(5)</sup>	Trustee	264,000,000	20.89%
Wang Yujuan <sup>(6)</sup>	Interest of spouse	179,002,250	14.16%
Hao Fung <sup>(7)</sup>	Beneficial owner	170,777,250	13.51%
Huang Tao <sup>(5)</sup>	Founder of a discretionary trust who can influence how the trustee exercises his discretion	158,400,000	12.53%
Platinum Wish <sup>(5)</sup>	Beneficial owner	158,400,000	12.53%

## Other Information

Name of Shareholder	Nature of interest	Number of Shares <sup>(8)</sup>	Approximate percentage of shareholding interest <sup>(1)</sup>
Joy Deep Limited <sup>(5)</sup>	Beneficial owner	158,400,000	12.53%
Huang Shiyong <sup>(4)</sup>	Founder of a discretionary trust who can influence how the trustee exercises his discretion	105,600,000	8.35%
View Max <sup>(4)</sup>	Beneficial owner	105,600,000	8.35%
Joy Riding Limited <sup>(4)</sup>	Beneficial owner	105,600,000	8.35%
Shanghai CDH Yaojia Venture Capital Center (Limited Partnership)	Beneficial owner	86,424,000	6.84%

## Notes:

- (1) The percentage represents the number of ordinary shares interested divided by the number of issued Shares as at 30 June 2024.
- (2) Glorious Group is wholly owned by Mr. Zhang Lei. Therefore, Mr. Zhang Lei is deemed under the SFO to be interested in 334,926,750 Shares held by Glorious Group as at 30 June 2024.
- (3) Ms. Yu Jinmei, the spouse of Mr. Zhang Lei, is deemed under the SFO to be interested in these 334,926,750 Shares in which Mr. Zhang Lei is deemed to be interested.
- (4) View Max Limited (景至有限公司) (“**View Max**”) holds 105,600,000 Shares. View Max is owned by Joy Riding Limited (樂行有限公司) as to 99% and Leisure Light Limited (悠光有限公司) as to 1%, respectively. Joy Riding Limited is held by Leading Trend Family Trust, the founder and settlor of which is Mr. Huang Shiyong (黃世榮). Printrust Company (Singapore) Limited is the trustee of Leading Trend Family Trust and Mr. Huang Shiyong and his family members are beneficiaries of Leading Trend Family Trust. As such, each of Printrust Company (Singapore) Limited, Joy Riding Limited and Mr. Huang Shiyong is deemed to be interested in the 105,600,000 Shares held by View Max.
- (5) Platinum Wish Limited (鉑願有限公司) (“**Platinum Wish**”) holds 158,400,000 Shares. Platinum Wish is owned by Joy Deep Limited (悅深有限公司) as to 99% and Prime Elegance Limited (至雅有限公司) as to 1%, respectively. Joy Deep Limited is held by Sparkle Fortune Family Trust, the founder and settlor of which is Mr. Huang Tao (黃濤). Printrust Company (Singapore) Limited is the trustee of Sparkle Fortune Family Trust and Mr. Huang Tao and his family members are beneficiaries of Sparkle Fortune Family Trust. As such, each of Printrust Company (Singapore) Limited, Joy Deep Limited and Mr. Huang Tao is deemed to be interested in the 158,400,000 Shares held by Platinum Wish.
- (6) Ms. Wang Yujuan, the spouse of Mr. Zhang Peng, is deemed under the SFO to be interested in these 179,002,250 Shares in which Mr. Zhang Peng is deemed to be interested.
- (7) Hao Fung is wholly-owned by Mr. Zhang Peng. Therefore, Mr. Zhang Peng is deemed under the SFO to be interested in these 170,777,250 Shares held by Hao Fung.
- (8) All interests stated are long positions.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

## Other Information

### SHARE OPTION SCHEME

The Share Option Scheme was conditionally approved and adopted by our Shareholders on 25 September 2020 and effective upon Listing. The purpose of the Share Option Scheme is to provide our Company with a means of incentivising any Eligible Person (as defined in the Prospectus) who has contributed or will contribute to our Group and retaining employees, and to encourage employees to work towards enhancing the value of our Company and promote the long-term growth of our Company. The Share Option Scheme will link the value of the Company with the interests of the participants, enabling the participants and the Company to develop together and promote the Company's corporate culture.

Subject to earlier termination by our Company in general meeting or by our Board, the Share Option Scheme shall be valid and effective for a period of ten years commencing on 25 September 2020, with a remaining life of six years as at the date of this interim report. The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and all other share option schemes existing at such time shall not exceed 10% of the total number of Shares in issue as of the Listing Date. The maximum number of Shares which may be awarded to an Eligible Person under the Share Option Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

The exercise price shall be a price determined by the Board at the Board's absolute discretion and notified to an Eligible Person but in any event shall be at least the higher of (i) the closing price of the Shares on the offer date; (ii) the average of the closing price of the Shares for the five business days immediately preceding the offer date; and (iii) the nominal value of a Share on the offer date. Since the adoption of the Share Option Scheme and up to 30 June 2024, no options had been granted or agreed to be granted, and thus no options had been exercised, cancelled or lapsed under the Share Option Scheme.

As of 1 January 2024 and 30 June 2024, the total number of new Shares available for further grant under the Share Option Scheme was 100,000,000, representing 10.00% and 7.91% of the issued share capital of the Company as of 1 January 2024 and 30 June 2024, respectively, and the Company has not yet adopted a service provider sublimit.

### SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on 10 May 2021 to recognise the contributions by certain Eligible Participants (as defined in the announcement of the Company dated 10 May 2021) and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

The Share Award Scheme shall be valid and effective for a term of ten years commencing on 10 May 2021, with a remaining life of six years and seven months as at the date of this interim report. The Board may, from time to time at its absolute discretion, select any Eligible Participants for participation in the Share Award Scheme, and grant such number of award shares to any Eligible Participants at any consideration deemed appropriate by the Board (including, for the avoidance of doubt, no consideration payable) on and subject to such terms and conditions as it may in its absolute discretion determine. The Board shall not make any further award of such number of shares as awarded by the Board to a Selected Participant (as defined in the announcement of the Company dated 10 May 2021) which will result in the nominal value of the shares awarded by the Board under the Share Award Scheme being equal to or greater than 10% of the issued share capital of the Company from time to time. The maximum number of Shares which may be awarded to a Selected Participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time. No award shares under the Share Award Scheme were granted nor vested since the adoption of the Share Award Scheme and for the six months ended 30 June 2024 and as of 30 June 2024, the employee share trusts held 40,122,500 Shares.

## Other Information

The total number of new Shares which is available for issue under the Share Option Scheme and the Share Award Scheme is 100,000,000, representing 7.91% of the issued share capital of the Company as of the date of this interim report.

On 29 July 2021, the Company was informed that Cedar Group, one of the controlling Shareholders, adopted a share award scheme (the “**Cedar Share Award Scheme**”) for eligible persons in order to retain them for the continuous operation and development of the Group, and to attract suitable personnel for further development of the Group. The award shares will be satisfied by the existing Shares beneficially owned by Cedar Group and no new Share will be issued by the Company as a result of the grant of award shares under the Cedar Share Award Scheme. In 2021, a total of 63,782,250 Shares, representing all Shares held by Cedar Group before the adoption of the Cedar Share Award Scheme which were available for grant, have been granted and vested. No awards were granted under the Cedar Share Award Scheme during the six months ended 30 June 2024.

### ROUNDING

Certain amounts and percentage figures included in this interim report have been subject to rounding adjustments. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

### DIRECTORS’ RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the Reporting Period were there rights to acquire benefits by means of the acquisition of Shares or debentures of the Company granted to any Directors or their respective spouse or children under the age of 18, or were there any such rights exercised by the Directors, or was the Company, or any of its holding companies, fellow subsidiaries and subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other company.

# Review Report to the Board of Directors of First Service Holding Limited



## Review report to the board of directors of First Service Holding Limited

(Incorporated in the Cayman Islands with limited liability)

### INTRODUCTION

We have reviewed the interim financial report set out on pages 25 to 49 which comprises the consolidated statement of financial position of First Service Holding Limited (the “**Company**”) and its subsidiaries (the “**Group**”) as of 30 June 2024 and the related consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2024 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

#### KPMG

*Certified Public Accountants*

8th Floor, Prince’s Building  
10 Chater Road  
Central, Hong Kong

28 August 2024

# Consolidated statement of profit or loss and other comprehensive income

for the six months ended 30 June 2024 — unaudited  
(Expressed in Renminbi ("RMB"))

	Note	Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
<b>Revenue</b>	3	<b>658,565</b>	600,198
Cost of sales		<b>(477,699)</b>	(430,955)
<b>Gross profit</b>		<b>180,866</b>	169,243
Other net income	4	<b>11,559</b>	7,592
Selling expenses		<b>(8,467)</b>	(7,723)
Administrative expenses		<b>(85,552)</b>	(85,292)
Expected credit loss ("ECL") on trade receivables and contract assets		<b>(36,969)</b>	(27,961)
Finance costs		<b>(81)</b>	(165)
Share of loss of associates		<b>(377)</b>	(401)
Share of loss of a joint venture		–	(5)
<b>Profit before taxation</b>	5	<b>60,979</b>	55,288
Income tax	6	<b>(13,649)</b>	(10,862)
<b>Profit for the period</b>		<b>47,330</b>	44,426

The notes on pages 31 to 49 form part of this interim financial report.



## Consolidated statement of profit or loss and other comprehensive income

for the six months ended 30 June 2024 — unaudited  
(Expressed in Renminbi ("RMB"))

	Note	Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>			
Item that will not be reclassified to profit or loss:			
Equity investment at fair value through other comprehensive income ("FVOCI") — net movement in fair value reserves (non-recycling)		(538)	(234)
Item that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		1,167	6,918
<b>Other comprehensive income for the period</b>		<b>629</b>	<b>6,684</b>
<b>Total comprehensive income for the period</b>		<b>47,959</b>	<b>51,110</b>
<b>Profit attributable to:</b>			
Equity shareholders of the Company		37,284	36,976
Non-controlling interests		10,046	7,450
Profit for the period		47,330	44,426
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of the Company		37,913	43,660
Non-controlling interests		10,046	7,450
<b>Total comprehensive income for the period</b>		<b>47,959</b>	<b>51,110</b>
<b>Earnings per share</b>	7		
Basic and diluted (RMB)		0.0362	0.0376

The notes on pages 31 to 49 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in Note 12.

# Consolidated statement of financial position

at 30 June 2024 — unaudited  
(Expressed in RMB)

	Note	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
<b>Non-current assets</b>			
Investment properties		15,663	15,350
Property and equipment		25,430	18,784
Intangible assets		33,316	36,223
Right-of-use assets	13	3,888	–
Goodwill		179,836	179,836
Interest in a joint venture		25	25
Interest in associates		3,680	3,996
Other financial assets		4,002	4,718
Other non-current assets		7,387	1,887
Deferred tax assets		52,150	44,730
		<b>325,377</b>	305,549
<b>Current assets</b>			
Inventories		1,837	1,611
Contract assets		1,611	2,727
Trade and other receivables	8	637,427	571,196
Financial assets measured at fair value through profit or loss ("FVPL")	9	405,911	56,067
Restricted cash	10	13,185	24,614
Cash and cash equivalents	10	330,881	509,829
Other current assets		343	343
		<b>1,391,195</b>	1,166,387
<b>Current liabilities</b>			
Trade and other payables	11	445,502	404,595
Contract liabilities		292,135	302,975
Current taxation		12,618	11,105
Contingent consideration		13,210	30,546
Lease liabilities		71	–
Other financial liabilities	9	219,664	–
		<b>983,200</b>	749,221
<b>Net current assets</b>		<b>407,995</b>	417,166
<b>Total assets less current liabilities</b>		<b>733,372</b>	722,715

The notes on pages 31 to 49 form part of this interim financial report.

# Consolidated statement of financial position

at 30 June 2024 — unaudited  
(Expressed in RMB)

	Note	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
<b>Non-current liabilities</b>			
Lease liabilities		865	–
Deferred tax liabilities		9,393	8,845
		<b>10,258</b>	8,845
<b>NET ASSETS</b>			
		<b>723,114</b>	713,870
<b>CAPITAL AND RESERVES</b>			
Share capital	12(b)	2	1
Reserves		657,566	657,489
<b>Total equity attributable to equity shareholders of the Company</b>		<b>657,568</b>	657,490
<b>Non-controlling interests</b>		<b>65,546</b>	56,380
<b>TOTAL EQUITY</b>		<b>723,114</b>	713,870

Approved and authorised for issue by the board of directors on 28 August 2024.

**Liu Peiqing**  
Director

**Zhu Li**  
Director

The notes on pages 31 to 49 form part of this interim financial report.

# Consolidated statement of changes in equity

for the six months ended 30 June 2024 — unaudited  
(Expressed in RMB)

Note	Attributable to equity shareholders of the Company										
	Share capital	Share premium	Employee share trusts	Capital reserve	Statutory surplus reserves	Exchange reserve	Fair value reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2023</b>	1	498,285	(12,974)	(65,802)	30,546	3,016	(1,376)	177,584	629,280	45,127	674,407
<b>Changes in equity for the six months ended 30 June 2023:</b>											
Profit for the period	-	-	-	-	-	-	-	36,976	36,976	7,450	44,426
Other comprehensive income for the period	-	-	-	-	-	6,918	(234)	-	6,684	-	6,684
<b>Total comprehensive income</b>	-	-	-	-	-	6,918	(234)	36,976	43,660	7,450	51,110
Dividends approved in respect of the previous year	12(a)	-	(26,798)	-	-	-	-	-	(26,798)	(349)	(27,147)
Acquisition of shares for a share award scheme	-	-	(4,879)	-	-	-	-	-	(4,879)	-	(4,879)
Disposal of subsidiaries	-	-	-	-	(109)	-	-	109	-	(425)	(425)
<b>Balance at 30 June 2023</b>	1	471,487	(17,853)	(65,802)	30,437	9,934	(1,610)	214,669	641,263	51,803	693,066
<b>Balance at 1 January 2024</b>	1	471,487	(20,405)	(66,442)	37,709	8,553	(961)	227,548	657,490	56,380	713,870
<b>Changes in equity for the six months ended 30 June 2024:</b>											
Profit for the period	-	-	-	-	-	-	-	37,284	37,284	10,046	47,330
Other comprehensive income for the period	-	-	-	-	-	1,167	(538)	-	629	-	629
<b>Total comprehensive income</b>	-	-	-	-	-	1,167	(538)	37,284	37,913	10,046	47,959
Dividends approved in respect of the previous year	12(a)	-	(37,835)	-	-	-	-	-	(37,835)	(1,714)	(39,549)
Consideration shares issued	12(b)	*	219,663	-	-	-	-	-	219,664	-	219,664
Grant of put option of consideration shares issued	9	-	(219,664)	-	-	-	-	-	(219,664)	-	(219,664)
Acquisition of subsidiaries from third parties	-	-	-	-	-	-	-	-	-	166	166
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	637	637
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	31	31
<b>Balance at 30 June 2024</b>	2	433,651	(20,405)	(66,442)	37,709	9,720	(1,499)	264,832	657,568	65,546	723,114

\* Amounts less than RMB1,000.

The notes on pages 31 to 49 form part of this interim financial report.

# Condensed consolidated statement of cash flows

for the six months ended 30 June 2024 — unaudited  
(Expressed in RMB)

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
<b>Operating activities</b>		
Cash (used in)/generated from operations	(6,739)	9,253
Income tax paid	(18,902)	(12,893)
<b>Net cash used in operating activities</b>	<b>(25,641)</b>	<b>(3,640)</b>
<b>Investing activities</b>		
Proceeds on disposal of financial assets measured at FVPL	203,820	129,415
Interest received	3,779	2,664
Proceeds on disposal of property and equipment	243	251
Net cash inflow/(outflow) from disposals of subsidiaries	453	(686)
Acquisition of subsidiaries, net of cash acquired	(18,208)	–
Purchase of financial assets measured at FVPL	(332,675)	(164,048)
Loan to non-controlling interests	(3,000)	–
Purchases of property and equipment	(5,484)	(2,095)
Capital injection into an associate	(60)	–
Purchase of intangible assets and other non-current assets	(2,500)	(191)
<b>Net cash used in investing activities</b>	<b>(153,632)</b>	<b>(34,690)</b>
<b>Financing activities</b>		
Contribution to employee share trusts	–	(4,879)
Capital injection from non-controlling interests	637	–
Profit distribution paid to minority shareholders of subsidiaries	(1,714)	(349)
Interest paid	–	(89)
<b>Net cash used in financing activities</b>	<b>(1,077)</b>	<b>(5,317)</b>
<b>Net decrease in cash and cash equivalent</b>	<b>(180,350)</b>	<b>(43,647)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>509,829</b>	<b>396,074</b>
<b>Effects of foreign exchange rate changes</b>	<b>1,402</b>	<b>7,779</b>
<b>Cash and cash equivalents at 30 June</b>	<b>330,881</b>	<b>360,206</b>

The notes on pages 31 to 49 form part of this interim financial report.

# Notes to the unaudited interim financial report

(Expressed in RMB unless otherwise indicated)

## 1 BASIS OF PREPARATION

This interim financial report of First Service Holding Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), including compliance with International Accounting Standard (“**IAS**”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“**IASB**”).

The Company was incorporated in the Cayman Islands on 20 January 2020 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s shares were listed on the Main Board of the Stock Exchange on 22 October 2020.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards as issued by the IASB.

The interim financial report is unaudited, but has been reviewed by the audit committee of the Company and approved for issue by the board of directors on 28 August 2024. The interim financial report has also been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). KPMG’s independent review report to the board of directors is included on page 24.

## 2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRS Accounting Standards as issued by the IASB to this interim financial report for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“**2020 amendments**”)
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“**2022 amendments**”)
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures — Supplier finance arrangements*

# Notes to the unaudited interim financial report

(Expressed in RMB unless otherwise indicated)

## 2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

None of these developments have had a material effect on how the Group's results and financial position for the current period have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 3 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are property management services, services in the area of green living solutions and value-added services. Further details regarding the Group's principal activities are disclosed in Note 3(b).

For the six months ended 30 June 2024, the Group's customer base is diversified and none of them contributed 10% or more of the Group's revenue during the reporting period.

### (a) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

For property management services and energy operation services under the service line of green living solutions, the Group recognises revenue on a monthly basis in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed. The Group has elected the practical expedient for not to disclose the remaining performance obligations for this type of contracts. The majority of the property management service contracts and energy operation services under the service line of green living solutions do not have a fixed term.

For sale of goods under the service line of green living solutions, there is no significant unsatisfied performance obligation at the end of the reporting period.

For other services, they are rendered in short period of time and there is no significant unsatisfied performance obligation at the end of the reporting period.

### (b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments.

- First Property Management: this segment provides property management services, energy operation services under the service line of green living solutions and value-added services.
- First Living: this segment provides system installation services, sale of goods, and energy operation services under the service line of green living solutions.

# Notes to the unaudited interim financial report

(Expressed in RMB unless otherwise indicated)

## 3 REVENUE AND SEGMENT REPORTING *(Continued)*

### (b) Segment reporting *(Continued)*

#### (i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible and intangible assets, current assets, interests in associates and joint ventures, investments in financial assets and deferred tax assets. Segment liabilities include trade creditors and accruals and contract liabilities attributable to the revenue generating activities of the individual segment and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Assistance provided by one segment to the other, including sharing of assets and technical know-how, is not measure.

The measure used for reporting segment profit is profit before tax.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, disaggregation of revenue from contracts with customers by major products and service lines, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2024 and 2023 is set out below.

	First Property Management		First Living		Total	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
For the six months ended 30 June						
<b>Disaggregated by timing of revenue recognition</b>						
Revenue recognised over time	634,428	584,166	18,073	19,289	652,501	603,455
Revenue recognised at point in time	6,183	809	6,567	1,886	12,750	2,695
Reportable segment revenue	640,611	584,975	24,640	21,175	665,251	606,150



## Notes to the unaudited interim financial report

(Expressed in RMB unless otherwise indicated)

**3 REVENUE AND SEGMENT REPORTING** (Continued)**(b) Segment reporting** (Continued)**(i) Segment results, assets and liabilities** (Continued)

	First Property Management		First Living		Total	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
For the six months ended 30 June						
<b>Disaggregated by major products or service lines</b>						
— Property management services	470,082	415,602	—	—	470,082	415,602
— Green living solutions	59,133	61,024	24,640	21,175	83,773	82,199
— Value-added services	111,396	108,349	—	—	111,396	108,349
Reportable segment revenue	640,611	584,975	24,640	21,175	665,251	606,150
<b>Reportable segment profit/(loss)</b>	57,612	57,546	551	(3,015)	58,163	54,531
Interest income	666	2,649	7	15	673	2,664
Interest expense	47	76	34	89	81	165
Depreciation and amortisation for the period	5,593	4,675	309	189	5,902	4,864
ECL — trade receivables and contract assets	37,417	25,437	(448)	2,524	36,969	27,961
As at 30 June/31 December						
Reportable segment assets	1,308,378	1,280,813	107,107	113,813	1,415,485	1,394,626
Reportable segment liabilities	716,938	732,338	81,150	88,234	798,088	820,572

## Notes to the unaudited interim financial report

(Expressed in RMB unless otherwise indicated)

**3 REVENUE AND SEGMENT REPORTING** (Continued)**(b) Segment reporting** (Continued)**(ii) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities**

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
<b>Revenue</b>		
Reportable segment revenue	665,251	606,150
Elimination of inter-segment revenue	(6,686)	(5,952)
Consolidated revenue	658,565	600,198

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
<b>Reportable segment profit</b>		
Reportable segment profit	58,163	54,531
Unallocated head office and corporate profit before taxation	2,571	648
Elimination of inter-segment profit	245	109
Consolidated profit before taxation	60,979	55,288

	At 30 June		At 31 December 2023 RMB'000
	2024 RMB'000		
<b>Assets</b>			
Reportable segment assets	1,415,485		1,394,626
Unallocated head office and corporate assets	696,089		470,517
Elimination of inter-segment balances	(395,002)		(393,207)
Consolidated total assets	1,716,572		1,471,936

# Notes to the unaudited interim financial report

(Expressed in RMB unless otherwise indicated)

## 3 REVENUE AND SEGMENT REPORTING *(Continued)*

### (b) Segment reporting *(Continued)*

#### (ii) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities *(Continued)*

	<b>At 30 June 2024 RMB'000</b>	At 31 December 2023 RMB'000
<b>Liabilities</b>		
Reportable segment liabilities	<b>798,088</b>	820,572
Unallocated head office and corporate liabilities	<b>257,568</b>	11
Elimination of inter-segment balances	<b>(62,198)</b>	(62,517)
Consolidated total liabilities	<b>993,458</b>	758,066

## 4 OTHER NET INCOME

		<b>Six months ended 30 June</b>	
	Note	<b>2024 RMB'000</b>	2023 RMB'000
Interest income	(i)	<b>3,779</b>	2,664
Government grants	(ii)	<b>6,157</b>	6,795
Net realised gains on financial assets measured at FVPL		<b>426</b>	448
Fair value gain of investment properties		<b>313</b>	50
Net valuation gain on financial assets measured at FVPL		<b>899</b>	755
Net gains/(losses) on disposal of property and equipment		<b>12</b>	(17)
Losses on disposal of subsidiaries		<b>(31)</b>	(548)
Claims and fines		<b>(460)</b>	(1,666)
Others		<b>464</b>	(889)
		<b>11,559</b>	7,592

Notes:

- (i) The interest income primarily represents the interest from cash at bank with fixed interest rates.
- (ii) The government grants represent subsidies from various PRC authorities. There are no unfulfilled conditions or future obligations attached to these subsidies.

# Notes to the unaudited interim financial report

(Expressed in RMB unless otherwise indicated)

## 5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Amortisation cost of intangible assets	2,887	3,011
Depreciation charge		
— owned property and equipment	2,923	1,853
— right-of-use assets	92	—
Cost of inventories	7,278	820
Lease expenses		
— short-term leases	669	437

## 6 INCOME TAX

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
<b>Current tax — PRC Corporate Income Tax</b>		
Provision for the period	20,415	16,702
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(6,766)	(5,840)
	<b>13,649</b>	10,862

Pursuant to the tax rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

The income tax rate applicable to the Group’s subsidiary incorporated in Hong Kong for the income subject to Hong Kong Profits Tax during the reporting period is 16.5%. No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the reporting period (six months ended 30 June 2024: Nil).

The Group’s PRC subsidiaries are subject to PRC Corporate Income Tax at 25%.

# Notes to the unaudited interim financial report

(Expressed in RMB unless otherwise indicated)

## 6 INCOME TAX *(Continued)*

Certain subsidiaries have been approved as High and New Technology Enterprise (“**HNTE**”) and entitled to a preferential income tax rate of 15% during the reporting period. The HNTE certificate needs to be renewed every three years.

Certain subsidiaries have been approved as Small Low-profit Enterprises. The entitled subsidiaries are subject to a preferential income tax rate of 5% during the reporting period.

Pursuant to the notice of the State Council on promulgation of several policies for further encouraging the development of software and integrated circuit industries, a subsidiary has been entitled to Corporate Income Tax exemptions for two years followed by a 50% Corporate Income Tax reduction of the statutory Corporate Income Tax rates for three years, starting from its first profit-making year.

## 7 EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2024 is based on the profit attributable to equity shareholders of the Company of RMB37,284,000 (six months ended 30 June 2023: RMB36,976,000) and the weighted average number of 1,030,954,000 ordinary shares (six months ended 30 June 2023: 984,597,000 ordinary shares) in issue during the interim period, calculated as follows:

	Six months ended 30 June	
	2024 <i>No. of '000 shares</i>	2023 <i>No. of '000 shares</i>
Issued ordinary shares at 1 January	1,000,000	1,000,000
Effect of shares held by the employee share trust	(40,123)	(15,403)
Effect of consideration shares issued	71,077	–
Weighted average number of ordinary shares at 30 June	1,030,954	984,597

Diluted earnings per share were the same as the basic earnings per share as the Group had no dilutive potential shares for the six months ended 30 June 2024 and 2023.

## Notes to the unaudited interim financial report

(Expressed in RMB unless otherwise indicated)

## 8 TRADE AND OTHER RECEIVABLES

	<b>At 30 June 2024 RMB'000</b>	At 31 December 2023 RMB'000
Trade receivables from third parties	<b>595,612</b>	481,270
Less: ECL allowance	<b>(197,350)</b>	(155,454)
	<b>398,262</b>	325,816
Trade receivables from related parties	<b>174,327</b>	184,346
Less: ECL allowance	<b>(67,045)</b>	(71,434)
	<b>107,282</b>	112,912
Total trade receivables	<b>505,544</b>	438,728
Prepayments	<b>31,185</b>	39,370
Deposits	<b>13,300</b>	9,298
Payments on behalf of property owners	<b>36,600</b>	35,324
Value-added tax prepaid	<b>10,296</b>	10,287
Other receivables	<b>40,747</b>	38,434
Less: ECL allowance for other receivables	<b>(245)</b>	(245)
Other receivables	<b>40,502</b>	38,189
	<b>637,427</b>	571,196

Trade receivables are primarily related to revenue generated from property management and services in the area of green living solutions.

Amounts due from related parties are unsecured and interest free. Details of the amounts due from related parties are set out in Note 15(b).

# Notes to the unaudited interim financial report

(Expressed in RMB unless otherwise indicated)

## 8 TRADE AND OTHER RECEIVABLES *(Continued)*

As of the end of each reporting period, the ageing analysis of trade receivables based on the date of revenue recognition which is the same as the due date, and net of ECL allowance for trade receivables is as follows:

	<b>At 30 June 2024 RMB'000</b>	At 31 December 2023 RMB'000
Within 1 year	<b>298,892</b>	244,393
1 to 2 years	<b>72,154</b>	74,587
2 to 3 years	<b>64,565</b>	66,642
3 to 4 years	<b>56,993</b>	42,617
4 to 5 years	<b>12,553</b>	9,832
Over 5 years	<b>387</b>	657
	<b>505,544</b>	438,728

## 9 FINANCIAL ASSETS MEASURED AT FVPL AND OTHER FINANCIAL LIABILITIES

### (a) Financial assets measured at FVPL

	<b>At 30 June 2024 RMB'000</b>	At 31 December 2023 RMB'000
	<i>Note</i>	
Wealth management products	<b>186,247</b>	56,067
Equity instruments measured at FVPL	<i>(i)</i> <b>219,664</b>	–
	<b>405,911</b>	56,067

### (b) Other financial liabilities

	<b>At 30 June 2024 RMB'000</b>	At 31 December 2023 RMB'000
	<i>Note</i>	
Other financial liabilities	<i>(i)</i> <b>219,664</b>	–

# Notes to the unaudited interim financial report

(Expressed in RMB unless otherwise indicated)

## 9 FINANCIAL ASSETS MEASURED AT FVPL AND OTHER FINANCIAL LIABILITIES

(Continued)

### (b) Other financial liabilities (Continued)

Note:

- (i) On 21 November 2022, the Company as the purchaser, and Platinum Wish Limited (铂願有限公司) and View Max Limited (景至有限公司) (collectively, as the “**Vendors**”) entered into the share transfer agreement (the “**Agreement**”), pursuant to which the Company would acquire 8% equity interest of Century Golden Resources Services Group Co., Ltd. (世紀金源服務集團有限公司) (the “**Target Company**”), which represents 8% of the issued share capital of the Target Company (the “**Sale Shares**”), at a total consideration of RMB163,045,449.60 (equivalent to approximately HK\$179,520,000). The consideration would be satisfied by the issue and allotment of a total of 264,000,000 ordinary shares of the Company as consideration shares (the “**Consideration Shares**”) at the issue price of HK\$0.68 per consideration share to the Vendors. The transaction was completed on 13 May 2024 (the “**Completion**”).

Pursuant to the Agreement, the Vendors have been granted at nil consideration a call option pursuant to which the Vendors have the right to exercise the call option within three years after the Completion by requiring the Company to sell all the Sale Shares to the Vendors, the consideration of which shall be settled by way of transferring all the Consideration Shares at HK\$0.68 per share to the Company for cancellation.

Pursuant to the Agreement, the Company has been granted at nil consideration a put option pursuant to which the Company has the right to exercise the put option within three years after the Completion by requiring the Vendors to acquire all the Sale Shares from the Company, the consideration of which shall be settled by way of transferring all the Consideration Shares to the Company for cancellation.

Upon the Completion, the investments in the Sale Shares are accounted for as financial assets measured at FVPL. The put option granted to and the call option written by the Company are a compound financial instrument and are not separated presented in the consolidated financial statements. The Company’s obligation to purchase the Consideration Shares for investments in the Sales Shares gives rise to a financial liability for the present value of the redemption determined by reference to the fair value of the Sales Shares at the end of the reporting period.

## 10 CASH AND CASH EQUIVALENTS

	Note	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Cash on hand		353	302
Cash at bank		343,713	534,141
Less: restricted cash	(i)	(13,185)	(24,614)
		<b>330,881</b>	509,829

Note:

- (i) At 30 June 2024, the ending balance of restricted cash primarily represents RMB5,862,000 (31 December 2023: RMB5,794,000) held by employee share trusts for the purchase or subscription of shares as awarded to the eligible persons pursuant to the First Service Share Award Scheme (“**the Scheme**”) (see Note 12 (c)), RMB6,250,000 (31 December 2023: RMB6,910,000) collected on behalf of the property owners’ associations in Group’s property management service business. Pursuant to property management agreements, the Group opens and manages these bank accounts on behalf of the property owners’ associations. At 31 December 2023, restricted cash also included RMB11,910,000, representing consideration for acquisition of a subsidiary saved in an escrow account, which has been fully paid out in 2024.



# Notes to the unaudited interim financial report

(Expressed in RMB unless otherwise indicated)

## 11 TRADE AND OTHER PAYABLES

	<b>At 30 June 2024 RMB'000</b>	At 31 December 2023 RMB'000
Trade payables	<b>158,417</b>	142,500
Amounts due to related parties	<b>5,821</b>	13,952
Other taxes and charges payable	<b>31,014</b>	26,423
Dividends payable	<b>38,070</b>	1,372
Accrued payroll and other benefits	<b>33,027</b>	51,804
Deposits	<b>79,262</b>	78,673
Receipts on behalf of property owners	<b>66,438</b>	67,460
Other payables and accruals	<b>33,453</b>	22,411
	<b>445,502</b>	404,595

All the trade and other payables (including amounts due to related parties) are expected to be settled within 1 year or are repayable on demand.

As of the end of each reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	<b>At 30 June 2024 RMB'000</b>	At 31 December 2023 RMB'000
Within 1 year	<b>115,478</b>	97,045
1 to 2 years	<b>12,409</b>	24,737
2 to 3 years	<b>23,596</b>	15,295
Over 3 years	<b>6,934</b>	5,423
	<b>158,417</b>	142,500

# Notes to the unaudited interim financial report

(Expressed in RMB unless otherwise indicated)

## 12 CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

During the six months ended 30 June 2024, and due to the consideration shares issued upon the completion of the transaction set out in Note 9, the final dividend per share declared to the shareholders of the Company for the year ended December 31, 2023 has been adjusted from HK\$4.20 cents per share as stated in the annual report for the year ended 31 December 2023 to HK\$3.30 cents per share in respect of the year ended 31 December 2023 (six months ended 30 June 2023: HK\$3.00 cents per share). The aggregate amount of the final dividend declared during the six months ended 30 June 2024 amounted to HK\$41,712,000 (equivalent to RMB37,835,000) (six months ended 30 June 2023: HK\$30,000,000 (equivalent to RMB26,798,000)), which has been fully paid on 18 July 2024.

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: RMBNil).

### (b) Share capital

	Note	At 30 June 2024		At 31 December 2023	
		No. of shares	RMB	No. of shares	RMB
<b>Ordinary shares, issued and fully paid:</b>					
At 1 January		1,000,000,000	1,381	1,000,000,000	1,381
Consideration shares issued	9(i)	264,000,000	375	–	–
		<b>1,264,000,000</b>	<b>1,756</b>	1,000,000,000	1,381

### (c) Employee share trusts

On 10 May 2021, the Board resolved to adopt the Scheme, a long-term incentive program to eligible persons, in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

Employee share trusts are established for the purposes of awarding shares to eligible persons (including employees and directors of the Company or its subsidiaries, and advisors and agents who provide value-added services to the Company or its subsidiaries) under the Scheme. The employee share trusts are administered by the Board and the trustees and are funded by the Group's cash contributions for buying the Company's shares in the open market and recorded as contributions to employee share trusts, an equity component.

The trustee of the employee share trusts will transfer the shares of the Company to employees upon vesting. As at 30 June 2024, the employee share trusts has held 40,122,500 shares (31 December 2023: 40,122,500 shares). During the six months ended 30 June 2024 and 2023, no share has been granted and vested.

# Notes to the unaudited interim financial report

(Expressed in RMB unless otherwise indicated)

## 13 RIGHT-OF-USE ASSETS

For the six months ended 30 June 2024, the Group has entered into a series of set-off agreements, pursuant to which the Group has offset its trade receivables amounted to RMB2,477,000 and recognised contract liabilities amounted to RMB584,000 upon receipt of operation rights of car parks from certain property developers, which were non-cash transactions.

Right-of-use assets mainly represent the above operation rights of car parks of RMB3,061,000, out of which RMB2,861,000 were received from related parties of the Group and offset trade receivables from related parties amounted to RMB2,477,000, and others of RMB827,000 acquired during the six months ended 30 June 2024.

## 14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### (a) Financial assets and liabilities measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement.

During the reporting period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of each reporting period in which they occur.

	Fair value at 30 June 2024 RMB'000	Fair value measurements as at 30 June 2024 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<b>Recurring fair value measurements</b>				
<i>Assets:</i>				
Equity securities designated at FVOCI (non-recycling)	4,002	–	–	4,002
Financial assets measured at FVPL				
— Wealth management products	186,247	–	186,247	–
— Equity instruments measured at FVPL	219,664	–	–	219,664
<i>Liabilities:</i>				
Contingent consideration	13,210	–	–	13,210

# Notes to the unaudited interim financial report

(Expressed in RMB unless otherwise indicated)

## 14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

### (a) Financial assets and liabilities measured at fair value *(Continued)*

	Fair value at 31 December 2023 RMB'000	Fair value measurements as at 31 December 2023 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<b>Recurring fair value measurements</b>				
<i>Assets:</i>				
Equity securities designated at FVOCI (non-recycling)	4,718	–	–	4,718
Financial assets measured at FVPL	56,067	–	56,067	–
<i>Liabilities:</i>				
Contingent consideration	30,546	–	–	30,546

### **Valuation techniques and inputs used in Level 2 fair value measurements**

The fair value of financial assets measured at FVPL is determined based on the estimated amount that the Group would receive to redeem the financial assets at the end of each reporting period. The estimated redeemable amount is calculated based on the most recent transaction price or the daily quotation published by the financial institutions.

# Notes to the unaudited interim financial report

(Expressed in RMB unless otherwise indicated)

## 14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

### (a) Financial assets and liabilities measured at fair value *(Continued)*

#### *Information about Level 3 fair value measurements*

	Valuation techniques	Significant unobservable inputs	Weighted average
Equity instruments designated at FVOCI	Market approach	Discount for lack of marketability	31.4% (31 December 2023: 31.4%)
Equity instruments measured at FVPL	Market approach	Discount for lack of marketability	25% (31 December 2023: Nil)
Contingent consideration	Discounted cash flow valuation method	Expected payments, Discount rate	RMB13,210,000, 3.45% (31 December 2023: RMB30,810,000, 3.45%)

The fair value of the equity instruments designated at FVOCI is determined by using enterprise value per sales of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 30 June 2024, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 1% would have increased/decreased the Group's other comprehensive income by RMB58,000 (2023: RMB68,000).

The fair value of the equity instruments measured at FVPL is determined by using enterprise value per EBITDA of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability.

The fair value of the contingent consideration relating to the business combinations are determined considering the expected payment, discounted to present value using a risk-adjusted discount rate. As at 30 June 2024, it is estimated that with all other variables held constant, a decrease/increase in discount rate by 0.1% would have decreased/increased the Group's profit by RMB7,000 (2023: RMB27,000).

# Notes to the unaudited interim financial report

(Expressed in RMB unless otherwise indicated)

## 14 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

### (a) Financial assets and liabilities measured at fair value *(Continued)*

#### *Information about Level 3 fair value measurements (Continued)*

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	<b>At 30 June 2024 RMB'000</b>	At 31 December 2023 RMB'000
Equity instruments designated at FVOCI		
At 1 January	<b>4,718</b>	4,165
Net unrealised (losses)/gains recognised in other comprehensive income during the period	<b>(716)</b>	553
At 30 June/31 December	<b>4,002</b>	4,718
Equity instruments measured at FVPL		
At 1 January	–	–
Additions	<b>219,664</b>	–
At 30 June/31 December	<b>219,664</b>	–
Contingent consideration		
At 1 January	<b>30,546</b>	32,334
Payment for contingent consideration	<b>(17,600)</b>	–
Changes in fair value recognised in profit or loss during the period	<b>264</b>	(1,788)
At 30 June/31 December	<b>13,210</b>	30,546
Total gains or losses for the period included in profit or loss and other comprehensive income for assets and liabilities held at the end of the reporting period	<b>(980)</b>	2,341

Any gain or loss arising from the remeasurement of the Group's equity securities held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to retained earnings.

### (b) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 30 June 2024 and 31 December 2023.

## Notes to the unaudited interim financial report

(Expressed in RMB unless otherwise indicated)

## 15 MATERIAL RELATED PARTY TRANSACTIONS

## (a) Significant related party transactions

The principal transactions which were carried out in the ordinary course of business are as follows:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
<b>Provision of property management services and other services</b>		
— Companies controlled by Mr. Zhang Lei*	3,834	5,792
— Companies controlled by Mr. Zhang Peng*	344	2,853
— Companies jointly controlled by Mr. Zhang Lei	2,206	5,902
<b>Receiving services</b>		
— Companies controlled by Mr. Zhang Lei	—	476
— Companies controlled by Mr. Zhang Peng	749	1,368
— Companies jointly controlled by Mr. Zhang Lei	—	286

## (b) Balances with related parties

	Note	At 30 June	At 31 December
		2024 RMB'000	2023 RMB'000
<b>Amounts due from:</b>			
— Companies controlled by Mr. Zhang Lei		121,608	123,575
— Companies controlled by Mr. Zhang Peng		—	8,543
— Companies jointly controlled by Mr. Zhang Lei		52,719	52,228
	(i), (ii)	174,327	184,346
<b>Amounts due to:</b>			
— Companies controlled by Mr. Zhang Lei		5,719	4,812
— Companies controlled by Mr. Zhang Peng		—	8,999
— Companies jointly controlled by Mr. Zhang Lei		102	141
	(i)	5,821	13,952

## Notes to the unaudited interim financial report

(Expressed in RMB unless otherwise indicated)

## 15 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

## (b) Balances with related parties (Continued)

	Note	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
<b>Contract assets:</b>			
— Companies controlled by Mr. Zhang Lei	(iii)	2,326	3,740
<b>Contract liabilities:</b>			
— Companies controlled by Mr. Zhang Lei		7,220	6,964
— Companies controlled by Mr. Zhang Peng		—	384
		<b>7,220</b>	<b>7,348</b>

\* At 30 June 2024, the directors consider the ultimate controlling party of the Group to be Mr. Zhang Lei, together with Mr. Zhang Peng acting as a concert group.

## Notes:

- (i) Amounts due from/to related parties are unsecured and interest-free, except for the ending balance of payment of a bank loan on behalf of the Group by a company controlled by Mr. Zhang Peng of RMBNil (31 December 2023: RMB3,608,000 which bears an interest at 4.35% per annum).
- (ii) The outstanding balances with these related parties are trading balances included in "trade and other receivables" (Note 8) against which a lump sum expected credit loss allowance amounted to RMB67,045,000 was provided at 30 June 2024 (31 December 2023: RMB71,434,000).
- (iii) The outstanding balances with these related parties are included in "contract assets" against which a lump sum expected credit loss allowance amounted to RMB947,000 was provided at 30 June 2024 (31 December 2023: RMB1,492,000).
- (iv) In February 2024, Mr. Zhang Peng disposed of certain companies controlled by him to a sibling. The directors consider these companies are no longer related parties of the Group under IAS 24, *Related Party Disclosures*.
- (v) Details of set-off arrangements with related parties are set out in Note 13.



## Definitions

“Audit Committee”	the audit committee of the Company;
“Board”	the board of Directors;
“BVI”	the British Virgin Islands;
“Cedar Group”	Cedar Group Management Limited (雪松集团管理有限公司), a BVI business company incorporated in the BVI with limited liability on 19 December 2019;
“CG Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules;
“China” or “PRC”	the People’s Republic of China and, except where the context requires and only for the purpose of this interim report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan. “Chinese” shall be construed accordingly;
“Company”, “our Company”, “the Company” or “First Service Holding”	First Service Holding Limited (第一服务控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 20 January 2020, and, except where the context otherwise requires, all of its subsidiaries, or where the context refers to the time before it became the holding company of its present subsidiaries, its present subsidiaries;
“Director(s)” or “our Directors”	the director(s) of the Company;
“First Living”	First MOMA Human Environment Technology (Beijing) Co., Ltd. (第一摩碼人居环境科技(北京)有限公司) (formerly known as First MOMA Human Environment Technology (Beijing) Joint Stock Limited Company (第一摩碼人居环境科技(北京)股份有限公司)), a limited liability company established in the PRC on 3 December 2014 and an indirect non-wholly owned subsidiary of our Company;
“GFA”	gross floor area;
“Global Offering”	the Hong Kong public offering and the international offering of the Shares;
“Glorious Group”	Glorious Group Holdings Limited (世家集团控股有限公司), a BVI business company incorporated in the BVI with limited liability on 19 December 2019;

## Definitions

“Group”, “our Group”, “we”, “our” or “us”	our Company, its subsidiaries from time to time, or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time or the business operated by such subsidiaries or their predecessors (as the case may be);
“Hao Fung”	Hao Fung Investment Limited (皓峰投资有限公司), a BVI business company incorporated in the BVI with limited liability on 18 December 2019;
“HK\$” or “cents”	Hong Kong dollars or cents respectively, the lawful currency of Hong Kong;
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC;
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange;
“Listing Date”	the date, being 22 October 2020, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time;
“Liu Pei Qing Management”	Liu Pei Qing Management Limited (刘培庆管理有限公司), a BVI business company incorporated in the BVI with limited liability on 17 December 2019;
“Long Han Management”	Long Han Management Limited (龙晗管理有限公司), a BVI business company incorporated in the BVI with limited liability on 17 December 2019;
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules;
“Nomination Committee”	the nomination committee of the Company;

## Definitions

“Prospectus”	the prospectus of the Company dated 12 October 2020;
“Renminbi” or “RMB”	the lawful currency of the PRC;
“Reporting Period”	the six months ended 30 June 2024;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time;
“Shareholder(s)”	holder(s) of the Share(s);
“Share(s)”	ordinary share(s) in the capital of our Company with nominal value of US\$0.0000002 each;
“Share Award Scheme”	the share award scheme adopted by the Board on 10 May 2021;
“Share Option Scheme”	the share option scheme conditionally adopted pursuant to the written resolutions passed by our Shareholders on 25 September 2020;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

*In this interim report, the terms “associate”, “connected person”, “controlling shareholder”, “subsidiary”, “substantial shareholder” and “30%-controlled companies” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.*

\* For identification purposes only