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First Service Holding Limited

第一服务控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2107)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

HIGHLIGHTS

- Revenue for the year ended 31 December 2024 amounted to RMB1,327.0 million, representing an increase of approximately 9.6% as compared to RMB1,210.9 million for the year ended 31 December 2023. Among which, revenue from property management services was approximately RMB956.4 million, representing a year-on-year increase of approximately 10.0%, and revenue from value-added services was RMB235.8 million, representing a year-on-year increase of approximately 14.7%.
- Gross profit for the year ended 31 December 2024 amounted to RMB309.7 million, representing an increase of approximately 1.6% as compared to RMB304.7 million for the year ended 31 December 2023.
- Gross profit margin for the year ended 31 December 2024 was 23.3%, representing a year-on-year decrease of approximately 1.8 percentage points. Among which, gross profit margin of property management services was 21.6%, gross profit margin of value-added services was 32.6%, and gross profit margin of green living solutions was 19.5%.

- Loss for the year ended 31 December 2024 was RMB6.3 million, representing a decrease of approximately 108.9% as compared to the profit for the year ended 31 December 2023 of RMB70.1 million. Excluding the impairment loss on trade receivables and contract assets, core profit for the year ended 31 December 2024 was RMB141.9 million.
- The Group achieved positive operating cash flows for the year ended 31 December 2024 with net cash generated from operating activities of RMB25.5 million.
- As of 31 December 2024, the Group's total gross floor area ("GFA") under management amounted to approximately 74.1 million sq.m., representing an increase of approximately 17.3% as compared with that as of 31 December 2023, among which approximately 71.9% were sourced from third parties. As of 31 December 2024, the Group's total contracted GFA was approximately 86.9 million sq.m., representing a year-on-year increase of approximately 11.6%, among which, approximately 70.5% were sourced from third parties.
- The Board has recommended the payment of a final dividend of HK\$3.4 cents per Share for the year ended 31 December 2024, being HK\$43.0 million in aggregate. In case of any change in the total number of issued Shares, the Company intends to keep the total dividend payout of HK\$43.0 million unchanged and adjust the amount of dividend per Share accordingly.

The board (the “**Board**”) of directors (the “**Directors**”) of First Service Holding Limited (第一服务控股有限公司) (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2024, together with comparative figures for 2023.

In this announcement, “we”, “us”, “our” and “First Service Holding” refer to the Company and where the context otherwise requires, the Group.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

*(Expressed in Renminbi (“**RMB**”))*

	<i>Note</i>	2024 <i>RMB’000</i>	2023 <i>RMB’000</i>
Revenue	3	1,326,976	1,210,914
Cost of sales		<u>(1,017,297)</u>	<u>(906,254)</u>
Gross profit		<u>309,679</u>	<u>304,660</u>
Other net income	4	6,296	23,435
Selling expenses		(20,320)	(17,198)
Administrative expenses		(173,188)	(175,716)
Impairment loss on trade receivables and contract assets		(148,189)	(43,709)
Impairment loss on goodwill		–	(1,860)
Finance costs, net		14,671	(161)
Share of loss of associates		(61)	(835)
Share of loss of a joint venture		<u>–</u>	<u>(12)</u>
(Loss)/profit before taxation	5	(11,112)	88,604
Income tax	6	<u>4,839</u>	<u>(18,457)</u>
(Loss)/profit for the year		<u>(6,273)</u>	<u>70,147</u>

	<i>Note</i>	2024 RMB'000	2023 <i>RMB'000</i>
Other comprehensive income for the year (after tax and reclassification adjustments)			
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)		(2,513)	415
Item that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		<u>2,949</u>	<u>5,537</u>
Other comprehensive income for the year		<u>436</u>	<u>5,952</u>
Total comprehensive income for the year		<u>(5,837)</u>	<u>76,099</u>
(Loss)/profit for the year attributable to:			
Equity shareholders of the Company		(12,072)	57,127
Non-controlling interests		<u>5,799</u>	<u>13,020</u>
(Loss)/profit for the year		<u>(6,273)</u>	<u>70,147</u>
Total comprehensive income attributable to:			
Equity shareholders of the Company		(11,636)	63,079
Non-controlling interests		<u>5,799</u>	<u>13,020</u>
Total comprehensive income for the year		<u>(5,837)</u>	<u>76,099</u>
(Loss)/earnings per share			
Basic (<i>RMB</i>)	7	(0.0107)	0.0588
Diluted (<i>RMB</i>)		<u>(0.0204)</u>	<u>0.0588</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Investment properties		15,262	15,350
Property and equipment		27,409	18,784
Right-of-use assets		13,824	–
Intangible assets		33,441	36,223
Goodwill		179,836	179,836
Interest in a joint venture		25	25
Interest in associates		4,220	3,996
Other financial assets		5,102	4,718
Other non-current assets		5,500	1,887
Financial assets measured at fair value through profit or loss (“FVPL”)		16,500	–
Deferred tax assets		73,791	44,730
		<u>374,910</u>	<u>305,549</u>
Current assets			
Inventories		1,647	1,611
Contract assets		342	2,727
Trade and other receivables	8	554,273	571,196
Other current assets		226	343
Financial assets measured at fair value through profit or loss		299,055	56,067
Restricted cash		14,968	24,614
Cash and cash equivalents		439,021	509,829
		<u>1,309,532</u>	<u>1,166,387</u>

	<i>Note</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current liabilities			
Trade and other payables	9	458,334	404,595
Contract liabilities		327,961	302,975
Lease liabilities		308	–
Other financial liabilities		204,844	–
Current taxation		12,762	11,105
Contingent consideration		–	30,546
		<u>1,004,209</u>	<u>749,221</u>
Net current assets		<u>305,323</u>	<u>417,166</u>
Total assets less current liabilities		<u>680,233</u>	<u>722,715</u>
Non-current liabilities			
Lease liabilities		2,347	–
Deferred tax liabilities		6,557	8,845
		<u>8,904</u>	<u>8,845</u>
NET ASSETS		<u>671,329</u>	<u>713,870</u>
CAPITAL AND RESERVES			
Share capital		2	1
Reserves		619,203	657,489
Total equity attributable to equity shareholders of the Company		619,205	657,490
Non-controlling interests		<u>52,124</u>	<u>56,380</u>
TOTAL EQUITY		<u>671,329</u>	<u>713,870</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries and the Group's interest in associates and a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

- investment property
- financial instruments classified as financial assets measured at FVPL or FVOCI
- contingent consideration

The preparation of financial statements in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The functional currency of the Company and the Company's subsidiaries outside the mainland China is Hong Kong dollars (“HK\$”). The consolidated financial statements are presented in RMB as all of the Group's operations are conducted by the Company's subsidiaries established in the mainland China and the functional currency of which is RMB.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRS Accounting Standards issued by the IASB to these consolidated financial statements for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements — Classification of liabilities as current or non-current* (“**2020 amendments**”) and 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*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented on these consolidated financial statements. 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

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 years ended 31 December 2024 and 2023 is set out below.

	First Property Management		First Living		Total	
	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Disaggregated by timing of revenue recognition						
Revenue recognised over time	1,284,290	1,174,549	35,780	39,263	1,320,070	1,213,812
Revenue recognised at point in time	11,857	4,264	9,853	6,570	21,710	10,834
Reportable segment revenue	1,296,147	1,178,813	45,633	45,833	1,341,780	1,224,646
Disaggregated by major products or service lines						
— Property management services	956,789	869,986	—	—	956,789	869,986
— Green living solutions	103,607	107,691	45,633	45,833	149,240	153,524
— Value-added services	235,751	201,136	—	—	235,751	201,136
Reportable segment revenue	1,296,147	1,178,813	45,633	45,833	1,341,780	1,224,646

	First Property Management		First Living		Total	
	2024	2023	2024	2023	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Reportable segment profit/(loss)	29,646	87,465	(44,650)	(691)	(15,004)	86,774
Interest income	997	1,334	10	20	1,007	1,354
Interest expense	75	–	74	161	149	161
Depreciation and amortisation for the year	10,983	9,174	453	270	11,436	9,444
Impairment losses on trade receivables and contract assets	105,094	43,386	43,095	323	148,189	43,709
Impairment loss on goodwill	–	1,860	–	–	–	1,860
Reportable segment assets	1,337,032	1,280,813	71,451	113,813	1,408,483	1,394,626
Reportable segment liabilities	774,408	732,338	82,507	88,234	856,915	820,572

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue		
Reportable segment revenue	1,341,780	1,224,646
Elimination of inter-segment revenue	(14,804)	(13,732)
Consolidated revenue	<u>1,326,976</u>	<u>1,210,914</u>

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Reportable segment (loss)/profit		
Reportable segment (loss)/profit	(15,004)	86,774
Unallocated head office and corporate net income before taxation	3,646	1,721
Elimination of inter-segment profit	246	109
	<u>(11,112)</u>	<u>88,604</u>
Consolidated (loss)/profit before taxation	<u>(11,112)</u>	<u>88,604</u>
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Assets		
Reportable segment assets	1,408,483	1,394,626
Unallocated head office and corporate assets	668,381	470,517
Elimination of inter-segment balances	(392,422)	(393,207)
	<u>1,684,442</u>	<u>1,471,936</u>
Consolidated total assets	<u>1,684,442</u>	<u>1,471,936</u>
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Liabilities		
Reportable segment liabilities	856,915	820,572
Unallocated head office and corporate liabilities	212,861	11
Elimination of inter-segment balances	(56,663)	(62,517)
	<u>1,013,113</u>	<u>758,066</u>
Consolidated total liabilities	<u>1,013,113</u>	<u>758,066</u>

4 OTHER NET INCOME

	<i>Note</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest income	<i>(i)</i>	6,198	6,396
Government grants	<i>(ii)</i>	13,089	16,979
Net realised gains on financial assets measured at FVPL		1,021	2,287
Fair value loss of investment properties		(88)	(207)
Net valuation (losses)/gains on financial assets measured at FVPL		(13,261)	338
Net losses on disposal of property and equipment		(105)	(75)
Net losses on disposal of intangible assets		(555)	–
Net loss on disposal of a project		(2,730)	–
Gains/(losses) on disposal of subsidiaries		159	(565)
Rental income		1,979	356
Fair value gain of contingent consideration		2,505	1,788
Claims and fines		(799)	(3,126)
Others		(1,117)	(736)
		6,296	23,435

Notes:

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

5 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Amortisation cost of intangible assets	5,578	5,582
Depreciation charge		
— owned property and equipment	5,493	3,862
— right-of-use assets	365	–
	11,436	9,444
Operating lease expenses relating to short-term leases	1,589	971
Auditors' remuneration		
— audit services	1,760	2,300
Cost of inventories	12,818	6,408

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current tax — PRC Corporate Income Tax		
Provision for the year	26,480	23,240
Deferred tax		
Origination and reversal of temporary differences	<u>(31,319)</u>	<u>(4,783)</u>
	<u><u>(4,839)</u></u>	<u><u>18,457</u></u>

(b) Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
(Loss)/profit before taxation	(11,112)	88,604
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	(2,778)	22,151
Tax effect of PRC preferential tax (<i>note (ii)</i>)	(1,301)	(6,915)
Tax effect of overseas preferential tax rate (<i>note (i)</i>)	(911)	(430)
Tax effect of non-deductible expenses	787	1,976
Tax effect of tax losses not recognised	1,638	1,716
Tax effect on deferred tax balances at 1 January resulting from a change in tax rate	516	–
Tax effect of utilisation of tax losses not recognised in previous years	(203)	(41)
Others	<u>(2,587)</u>	<u>–</u>
	<u><u>(4,839)</u></u>	<u><u>18,457</u></u>

Notes:

(i) 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 (2023: Nil).

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

- (ii) 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.

- (c) Pillar Two income taxes

The Group operates in the Mainland China and has several investment holding companies in the Cayman Islands and Hong Kong, which have enacted new tax laws to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The directors of the Company concluded Pillar Two income taxes do not have a significant impact on the Group.

7 (LOSS)/EARNINGS PER SHARE

- (a) **Basic (loss)/earnings per share:**

The calculation of basic loss per share for 2024 is based on the loss attributable to equity shareholders of the Company of RMB10,265,000 after adjusting for the effect of consideration shares issued (2023: profit attributable to equity shareholders of the Company of RMB57,127,000) and the weighted average number of 959,877,000 ordinary shares (2023: 971,285,000 ordinary shares) in issue during the year, calculated as follows:

- (i) *(Loss)/profit attributable to ordinary equity shareholders of the Company*

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
(Loss)/profit attributable to ordinary equity shareholders	(12,072)	57,127
Effect of consideration shares issued	<u>1,807</u>	<u>–</u>
(Loss)/profit attributable to ordinary equity shareholders (basic)	<u>(10,265)</u>	<u>57,127</u>

(ii) *Weighted average number of ordinary shares*

	2024	2023
	<i>No. of</i>	<i>No. of</i>
	<i>'000 shares</i>	<i>'000 shares</i>
Issued ordinary shares at 1 January	1,000,000	1,000,000
Effect of shares held by the employee share trusts	(40,123)	(28,715)
Effect of consideration shares issued	168,989	–
Effect of written put option of consideration shares issued	(168,989)	–
	<hr/>	<hr/>
Weighted average number of ordinary shares at 31 December	959,877	971,285
	<hr/> <hr/>	<hr/> <hr/>

(b) **Diluted (loss)/earnings per share:**

Diluted earnings per share were the same as the basic earnings per share as the Group had no dilutive potential shares for the year ended 31 December 2023. The calculation of diluted loss per share for the 2024 is based on the adjusted loss attributable to ordinary equity shareholders of the Company of RMB25,085,000 and the weighted average number of ordinary shares of 1,227,581,000 shares, calculated as follows:

(i) *Loss attributable to ordinary equity shareholders of the Company (diluted)*

	2024
	<i>RMB'000</i>
Loss attributable to ordinary equity shareholders (basic)	(10,265)
After tax effect of changes in value of financial liabilities issued	(14,820)
	<hr/>
Loss attributable to ordinary equity shareholders (diluted)	(25,085)
	<hr/> <hr/>

(ii) *Weighted average number of ordinary shares (diluted)*

	2024
	<i>No. of</i>
	<i>'000 shares</i>
Weighted average number of ordinary shares at 31 December (basic)	959,877
Bonus element in written put option of consideration shares issued	267,704
	<hr/>
Weighted average number of ordinary shares at 31 December (diluted)	1,227,581
	<hr/> <hr/>

8 TRADE AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables from third parties	605,816	481,270
Less: ECL allowance	(228,043)	(155,454)
	377,773	325,816
Trade receivables from related parties	167,410	184,346
Less: ECL allowance	(143,500)	(71,434)
	23,910	112,912
Total trade receivables	401,683	438,728
Prepayments	37,789	39,370
Payments on behalf of property owners	45,149	40,446
Deposits	14,331	9,298
Value-added tax prepaid	9,466	10,287
	106,735	99,401
Other receivables	46,100	33,312
Less: ECL allowance for other receivables	(245)	(245)
Other receivables	45,855	33,067
	554,273	571,196

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

(a) Ageing analysis

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

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	279,437	244,393
1 to 2 years	68,116	74,587
2 to 3 years	27,257	66,642
3 to 4 years	16,646	42,617
4 to 5 years	8,562	9,832
Over 5 years	1,665	657
	<u>401,683</u>	<u>438,728</u>

Trade receivables are due when the receivables are recognised.

(b) ECL allowance for trade receivables

The movements in the ECL allowance for trade receivables during the reporting period are as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January	226,888	185,971
Credit loss recognised	147,497	43,709
Transfer from contract assets	–	9,288
Written-off	(2,840)	(11,784)
Effect on disposal of subsidiaries	(2)	(296)
	<u>371,543</u>	<u>226,888</u>

9 TRADE AND OTHER PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	174,346	142,500
Amounts due to related parties	7,408	13,952
Other taxes and charges payable	28,773	26,423
Accrued payroll and other benefits	46,870	51,804
Deposits	73,451	78,673
Dividends payable	8,281	1,372
Other payables and accruals	119,205	89,871
	<u>458,334</u>	<u>404,595</u>

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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 year	131,152	97,045
1 to 2 years	11,945	24,737
2 to 3 years	12,595	15,295
Over 3 years	18,654	5,423
	<u>174,346</u>	<u>142,500</u>

10 DIVIDENDS

- (i) Dividends payable to equity shareholders of the Company attributable to the year:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Final dividend proposed after the end of the reporting period of HK\$3.40 cents (2023: HK\$3.30 cents) per ordinary share	<u>39,797</u>	<u>37,835</u>

The final dividend proposed for shareholders' approval after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year.

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$3.30 cents per share (2023: HK\$3.00 cents)	<u>37,835</u>	<u>26,798</u>

Due to the consideration shares issued upon the completion of the acquisition of 8% equity interest of Century Golden Resources Services Group Co., Ltd. (世紀金源服務集團有限公司), the final dividend per share declared to the shareholders of the Company for the year ended 31 December 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. The aggregate amount of the final dividend in respect of the previous financial year approved during the year amounted to RMB37,835,000, which has been paid out amounted to RMB29,767,000.

Meanwhile, in order to support the Company's development, Mr. Zhang Lei returned the dividend of 2023 amounted to RMB9,985,000 to the Company.

CHAIRMAN’S STATEMENT

Dear Stakeholders,

On behalf of the Board, I am pleased to present the performance review of the Group for the year 2024 and the development outlook for the year 2025.

PERFORMANCE OVERVIEW

In 2024, the real estate industry continued to undergo in-depth adjustment, and the property management industry faced multiple challenges and opportunities such as policy and guidance for standardized development, technology-enabled intelligent transformation, and market demand-driven service upgrades. Property enterprises overcame difficulties and made their own innovation. Aiming to pursue “high-quality development”, they continuously explored the practical path of “quality houses and considerate service”, and entered into a new cycle of shifting from growth to existing business, returning to the essence of service, and enhancing corporate value.

Since its establishment, First Service Holding has proactively laid out the “green full-life scene service capability”, “green technological research and development capability” and “green process and standardization system capability”. Upholding the development philosophy of “green technology and comfortable service”, it has remained true to its original aspiration for more than 20 years, constantly optimized service standards and upgraded service systems, continuously providing customers with greener, healthier and better living experiences.

In 2024, First Service Holding set forth strategic goals of “quality building, scale expansion and business creation”, being in stable operation as a whole. The Group recorded total revenue of RMB1,327.0 million for the year, representing a year-on-year increase of approximately 9.6%. Gross profit amounted to RMB309.7 million, representing a year-on-year increase of approximately 1.6%. Loss for the year amounted to RMB6.3 million, and if excluding the impairment loss on trade receivables and contract assets, the core profit was RMB141.9 million.

“Quality Building”

Quality is the lifeline of an enterprise. In 2024, we deepened quality enhancement and comprehensively improved service quality and customer experience through standardized, refined and intelligent management approaches.

Quality Enhancement. We launched new construction and renovation plans, established a quality service fund, carried out the “Immediate Action Day” activities more than 6,400 times throughout the year, and created green ecological communities. Efforts were made to push forward the construction of intelligent communities, and upgrade intelligent access control, intelligent electricity meters and the MOMA system to enhance the living experience on all fronts. We insisted on benchmark building, led with exemplary projects and customized service scenarios.

Management Empowerment. We optimized the standardized management system, covered the entire process from basic services to value-added services, strengthened service standards and ensured service quality. Moreover, we adhered to technological empowerment, upgraded the “green housekeeper” intelligent service platform, integrated various functions such as payment, repair reporting and shopping, and established a service model of “property service + life service”.

Guide Upgrade. We regularly organized “Love My Home Campaign”. Covering all festivals, 3,600 community activities were carried out throughout the year to enrich cultural life in communities. We continually executed the “Spiritual Oasis” plan and ensured the physical and mental health of property owners via mental health consultation, CPR professional rescue training and AED configuration. With the “red properties” mechanism in place, we built a tripartite co-governance platform to solve leftover issues in communities. We have now created more than 120 red property projects, completed more than 70 “red cultural battlefield” service centres, and established more than 20 Party branch service centres.

“Scale Expansion”

Efficient scale is the cornerstone of corporate development. In 2024, we adhered to steady development, effectively expanded our market territory, and achieved breakthrough results in external expansion.

Scale Expansion. As of 31 December 2024, the Group’s contracted GFA amounted to approximately 86.9 million sq.m., representing a year-on-year increase of approximately 11.6%, and the GFA under management amounted to approximately 74.1 million sq.m., representing a year-on-year increase of approximately 17.3%. The business footprints were expanded to 104 cities in 22 provinces, municipalities and autonomous regions in China. In addition, excellent results were achieved in our market expansion. In 2024, we completed 100 third-party expansion projects, with an annual contract value of approximately RMB170 million, laying a solid foundation for sustainable development.

Business Equilibrium. Continuous actions were taken to consolidate our advantages in residential property services and actively expanded into diversified spaces such as commercial complexes, office buildings, industrial parks, schools and hospitals. In 2024, the GFA under management for residential properties increased by approximately 5.3 million sq.m., or approximately 13.0% year-on-year, and the GFA under management for non-residential properties increased by approximately 5.6 million sq.m., a year-on-year growth of approximately 25.1%. Beyond that, we won the bid for a public transportation hub for the first time, signed a contract on a large commercial complex project in Shanghai, and further enriched the business structure, providing benchmark support for subsequent expansion.

Brand Boost. Through continuous brand building and marketing promotion, we won many honours in 2024. We became 17th on the list of the “Chinese Property Enterprises with Overall Strength in 2024” published by CPM Think Tank and EH Property Management Research Institute. In the meantime, several projects managed by us were awarded the title of “Benchmark Project”, and Beijing Megahall MOMA was selected as a typical case of “Strengthening Property Management and Building a Beautiful Home Together” by the Beijing Municipal Commission of Housing and Urban-Rural Development.

“Business Creation”

Innovation is the driving force for corporate development. In 2024, we were committed to innovation-driven development, constantly explored new service models and new business models to stimulate our corporate vitality.

Service Innovation. Based on the concept of “New Space, New Products, New Life and New Services”, we sought new community consumption scenarios. On the one hand, we introduced services such as housekeeping services, house leasing and sales to meet the living needs of property owners, broadening the boundaries of our services. On the other hand, we rendered bespoke service solutions for diverse business formats and different customer groups, launched businesses such as community canteens, community entertainment, direct drinking water and charging piles, and connected sectors such as technology-enabled home decoration, community elderly care and health consultation to extend the service chain.

Platform Innovation. We continually enriched the “Green Select” platform and created convenient community lives through business models such as online and offline integration, community group purchases and traceability live streaming. We cooperated with high-quality suppliers, bound villages and communities, facilitated rural revitalization and guaranteed product quality. Through “Green Select” platform, we built a private business district around communities, established a family point system and promoted consumption circulation.

OUTLOOK

In 2025, First Service Holding will keep focusing on “high-quality development”, carry out its business strategy of “Excellent Service, Steady Growth and New Momentum”, strive to promote its sustainable and healthy development, and create more value for customers, shareholders and society.

We will continually improve service standards, refine service quality, improve service quality and efficiency, enhance customer satisfaction and set industry service benchmarks. Efforts will be made to deepen the existing markets, expand brand influence, and at the same time, actively keep abreast of market trends, seize market opportunities and inject vitality into our development. Furthermore, we will upgrade service methods, provide diversified, multi-level and multi-dimensional community value-added services, promote the construction of community living circles, and find new value growth points.

Remaining true to our original aspiration, we will steadily embark on the road of green technology and full-life scene services, build a cornerstone of happiness for more communities, draw a liveable city blueprint, and join hands with property owners to move towards a better future!

APPRECIATION

The Board would like to express its sincere gratitude to the Company’s shareholders (the “**Shareholders**”), customers and suppliers 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 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

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 9.6% from RMB1,210.9 million for the year ended 31 December 2023 to RMB1,327.0 million for the year ended 31 December 2024.

	For the year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Property management services	956,352	72.1	869,547	71.8
Value-added services	235,751	17.8	205,483	17.0
Green living solutions	134,873	10.1	135,884	11.2
Total	<u>1,326,976</u>	<u>100.0</u>	<u>1,210,914</u>	<u>100.0</u>

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 10.0% from RMB869.5 million for the year ended 31 December 2023 to RMB956.4 million for the year ended 31 December 2024. This increase was primarily attributable to the increase in GFA under management.

The table below sets forth a breakdown of our 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 year ended 31 December											
	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	
		sq.m.'000	%		sq.m.'000	%		sq.m.'000	%		sq.m.'000	%
Residential properties	282	56,243	64.7	251	46,298	62.4	264	53,609	68.9	215	40,955	64.8
Non-residential properties	360	30,638	35.3	347	27,838	37.6	308	24,246	31.1	290	22,245	35.2
Total	<u>642</u>	<u>86,881</u>	<u>100.0</u>	<u>598</u>	<u>74,136</u>	<u>100.0</u>	<u>572</u>	<u>77,855</u>	<u>100.0</u>	<u>505</u>	<u>63,200</u>	<u>100.0</u>

In 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 31 December 2024, the Group's contracted GFA and GFA under management increased by approximately 11.6% and approximately 17.3%, respectively, compared with that of the same period last year. Among which, the contracted GFA and the GFA under management for residential properties increased by approximately 4.9% and approximately 13.0%, respectively, compared with that of the same period last year, and the contracted GFA and the GFA under management for non-residential properties increased by approximately 26.4% and approximately 25.1%, respectively, compared with that of 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 year ended 31 December											
	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.	%
Modern Land Group ⁽¹⁾	87	22,728	26.2	82	18,998	25.6	91	22,614	29.0	85	18,592	29.4
Other associates of our controlling shareholders ⁽²⁾	16	2,902	3.3	11	1,875	2.5	19	4,099	5.3	14	2,579	4.1
Third parties	539	61,251	70.5	505	53,263	71.9	462	51,142	65.7	406	42,029	66.5
Total	642	86,881	100.0	598	74,136	100.0	572	77,855	100.0	505	63,200	100.0

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 expanding projects sourced from third parties and highlighted its advantage from independence. As of 31 December 2024, contracted GFA from third parties increased by approximately 19.8% compared with the same period last year, accounting for 70.5% of the total contracted GFA; GFA under management from third parties increased by approximately 26.7% compared with the same period last year, accounting for 71.9% of the total GFA under management.

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 year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Value-added services to non-property owners				
Sales assistance services	12,920	5.5	16,979	8.3
Preliminary planning and design consultancy services	1,534	0.6	7,906	3.8
Subtotal	14,454	6.1	24,885	12.1
Community value-added services				
Parking space management services	80,140	34.0	76,690	37.3
Home living services	123,338	52.3	84,796	41.3
Communal area leasing services	17,819	7.6	19,112	9.3
Subtotal	221,297	93.9	180,598	87.9
Total	235,751	100.0	205,483	100.0

Revenue from value-added services increased by approximately 14.7% from RMB205.5 million for the year ended 31 December 2023 to RMB235.8 million for the year ended 31 December 2024. This increase was primarily due to the fact that the Group's resource for strategic development focused on community-related business and thus achieved growth in the revenue derived from 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 centralised 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.

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

	For the year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Energy operation services	125,020	92.7	125,142	92.1
Systems installation and product sales ^{Note}	9,853	7.3	10,742	7.9
Total	<u>134,873</u>	<u>100.0</u>	<u>135,884</u>	<u>100.0</u>

Note: In consideration of the relatively small business scale of each type of service of green living solution services, revenue from system installation services and sales of AIRDINO systems are grouped together to provide more meaningful information to Shareholders and investors.

Revenue from green living solutions decreased by approximately 0.7% from RMB135.9 million for the year ended 31 December 2023 to RMB134.9 million for the year ended 31 December 2024. Among which, energy operation services were the core part and remained basically stable as compared with that of last year.

Cost of Sales

Our cost of sales increased by approximately 12.3% from RMB906.3 million for the year ended 31 December 2023 to RMB1,017.3 million for the same period in 2024, primarily due to the expansion in our business scale.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by approximately 1.6% from RMB304.7 million for the year ended 31 December 2023 to RMB309.7 million for the same period in 2024. Our gross profit margin decreased from 25.2% for the year ended 31 December 2023 to 23.3% for the same period in 2024.

	For the year ended 31 December			
	2024		2023	
	Gross profit	Gross profit	Gross profit	Gross profit
	<i>RMB'000</i>	<i>margin</i>	<i>RMB'000</i>	<i>margin</i>
		<i>%</i>		<i>%</i>
Property management services	206,621	21.6	188,117	21.6
Value-added services	76,784	32.6	90,445	44.0
Green living solutions	26,274	19.5	26,098	19.2
Total	309,679	23.3	304,660	25.2

Gross profit margin of property management services was 21.6% for the year ended 31 December 2024, remained unchanged from the previous year.

Gross profit margin of value-added services was 32.6% for the year ended 31 December 2024, representing a decrease of approximately 11.4 percentage points as compared to that of the same period last year, which was primarily due to the expansion in community-related and home living businesses with low gross profit.

Gross profit margin of green living solutions was 19.5% for the year ended 31 December 2024, basically remained unchanged from the previous year.

Other Net Income

Our other net income decreased by approximately 73.1% from RMB23.4 million for the year ended 31 December 2023 to RMB6.3 million for the year ended 31 December 2024. This decrease was primarily attributable to the change in fair value of financial assets resulted from holding equity interests in Century Golden Resources Services Group Co., Ltd. (世紀金源服務集團有限公司) by the Company.

Selling Expenses

Our selling expenses increased by approximately 18.2% from RMB17.2 million for the year ended 31 December 2023 to RMB20.3 million for the year ended 31 December 2024. This increase was primarily attributable to the increase in relevant expenses due to the Group's active investment in market expansion.

Administrative Expenses

Our administrative expenses decreased by approximately 1.4% from RMB175.7 million for the year ended 31 December 2023 to RMB173.2 million for the year ended 31 December 2024. The decrease was mainly due to the Group's continued adoption of cost reduction and efficiency enhancement measures.

Impairment Loss on Goodwill

We did not have any impairment loss on goodwill for the year ended 31 December 2024 (for the year ended 31 December 2023: RMB1.9 million).

Expected Credit Loss on Trade Receivables and Contract Assets

Our expected credit loss on trade receivables and contract assets increased by approximately 239.0% from RMB43.7 million for the year ended 31 December 2023 to RMB148.2 million for the year ended 31 December 2024. This increase was primarily attributable to the further provision for impairment in respect of trade receivables from related-party real estate customers by the Group.

Income Tax

Our income tax decreased from RMB18.5 million for the year ended 31 December 2023 to RMB-4.8 million for the year ended 31 December 2024. This decrease was primarily attributable to a further provision for impairment in respect of trade receivables from related-party real estate customers and recognition of deferred income tax by the Group at the same time.

(Loss)/Profit for the Year

As a result of the foregoing, our profit for the year decreased by approximately 108.9% from RMB70.1 million for the year ended 31 December 2023 to loss of RMB6.3 million for the year ended 31 December 2024.

Trade and Other Receivables

As of 31 December 2024, trade and other receivables amounted to RMB554.3 million, representing a decrease of approximately 3.0% as compared with RMB571.2 million in 2023. Although the balance of trade receivables increased as a result of the scale expansion, the decrease in net trade receivables was due to the increase in the provision for impairment in respect of related-party real estate customers during the year.

Trade and Other Payables

As of 31 December 2024, trade and other payables amounted to RMB458.3 million, representing an increase of approximately 13.3% as compared with RMB404.6 million in 2023. The increase was primarily due to our scale expansion.

Goodwill

As of 31 December 2024 and 2023, our goodwill amounted to RMB179.8 million arising 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.

Contingent Consideration

The Group’s contingent consideration arose from the performance guarantee provisions of acquisitions of Dalian Yahang and Qingdao Luohang. For details, please refer to the announcements of the Company dated 10 March 2021, 30 March 2021 and 1 August 2023. The Group’s current and non-current contingent consideration decreased from RMB30.5 million as of 31 December 2023 to nil as of 31 December 2024, primarily due to the completion of actual performance-based settlement of Dalian Yahang and Qingdao Luohang and the payment of respective final payment funds.

Capital Structure

Our total assets increased from RMB1,471.9 million as of 31 December 2023 to RMB1,684.4 million as of 31 December 2024. Our total liabilities increased from RMB758.1 million as of 31 December 2023 to RMB1,013.1 million as of 31 December 2024. Liabilities-to-assets ratio increased from 51.5% as of 31 December 2023 to 60.1% as of 31 December 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 1.30 as of 31 December 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 year ended 31 December 2024, we financed our operations primarily through internal resources and the proceeds from the global offering (the “**Global Offering**”) of our shares (the “**Shares**”) in connection with the listing of our Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). We mainly utilised 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 13.8% from RMB509.8 million as of 31 December 2023 to RMB439.0 million as of 31 December 2024. Based on the amount of wealth management products held by the Group as of 31 December 2023, totalling RMB56.1 million, and the amount of wealth management products held as of 31 December 2024, totalling RMB94.2 million, the Group’s total liquidity decreased by approximately 5.7% from RMB565.9 million as of 31 December 2023 to RMB533.2 million as of 31 December 2024.

Our gearing ratio, being total interest-bearing borrowings divided by total equity, decreased from 0.51% as of 31 December 2023 to 0.27% as of 31 December 2024. Our interest-bearing borrowings as of 31 December 2024 consisted of an amount due to a related party, being the payment of bank loans on behalf of the Group by a company controlled by Mr. Zhang Peng of RMB1.8 million (31 December 2023: RMB3.6 million) which bears an interest rate of 3.45% per annum.

Capital Expenditure

Our capital expenditure increased by approximately 51.9% from RMB10.4 million for the year ended 31 December 2023 to RMB15.2 million for the year ended 31 December 2024. Our capital expenditure was used primarily for the purchase of office and other equipment, software and operation rights.

Indebtedness

Bank Loans

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

Contingent Liabilities

As of 31 December 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.

Final Dividends

The Board has recommended the payment of a final dividend of HK\$3.4 cents per Share for the year ended 31 December 2024, being HK\$43.0 million in aggregate (HK\$3.3 cents per Share for the year ended 31 December 2023, being HK\$41.7 million in aggregate). Subject to the approval of Shareholders at the annual general meeting to be held on Friday, 20 June 2025 (the “**AGM**”), the final dividend is expected to be paid in Hong Kong dollar on Tuesday, 9 September 2025 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 27 August 2025 (the “**Record Date**”).

In case of any change in the total number of issued Shares between the date of the Board’s recommendation of the final dividend (being 28 March 2025) and the Record Date, the Company intends to keep the total dividend payout of HK\$43.0 million unchanged and adjust the amount of dividend per Share accordingly, with the specific adjustments to be announced separately.

Pledge of Assets

As of 31 December 2024, the Group did not have any pledge on its assets.

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.

Material Acquisitions and Future Plans for Major Investment

(a) Acquisition of Century Golden Resources Services Group Co., Ltd.

On 21 November 2022, the Company as purchaser entered into a share transfer agreement with View Max Limited (景至有限公司) and Platinum Wish Limited (鉑願有限公司) as vendors (the “**Vendors**”) in relation to the acquisition of 8% of the issued share capital of Century Golden Resources Services Group Co., Ltd. (世紀金源服務集團有限公司) by the Company (the “**CG Acquisition**”). On 30 March 2023, the Company entered into the supplemental agreement with the Vendors to extend the long stop date to 31 December 2023. As additional time is required for the fulfilment or waiver of the conditions precedent to the agreement (as amended and supplemented by the supplemental agreement), the Company and the Vendors entered into a second supplemental agreement on 28 December 2023, pursuant to which the Vendors and the Company have agreed to further extend the long stop date to 30 June 2024.

Completion of the CG Acquisition is subject to the satisfaction of the conditional precedents as set out in the share transfer agreement (as amended and supplemented by the supplemental agreement and the second supplemental agreement). The CG Acquisition has been completed on 13 May 2024. For details, please refer to the announcements of the Company dated 21 November 2022, 30 December 2022, 30 March 2023, 20 June 2023, 13 October 2023, 28 December 2023 and 13 May 2024 and the circular of the Company dated 31 May 2023.

(b) 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 capital contribution of RMB5.1 million in cash to Dalian Shihang, accounting for 51% of its registered capital. Immediately following the completion of the acquisition, the Company held 51% equity interest in Dalian Shihang. Dalian Shihang has become an indirect non wholly-owned subsidiary of the Company and its financial results have been consolidated into the Group’s financial statements. As of 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 constitutes connected transaction and discloseable transaction of the Company under the Listing Rules.

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

(c) Capital Injection into Wuhu Dezhixin Project Investment Partnership Enterprise (Limited Partnership)

On 23 December 2024, First Property (Beijing), an indirect wholly-owned subsidiary of the Company, entered into an investment agreement with Beijing Tengyun Century Enterprise Management Consulting Partnership (Limited Partnership)* (北京騰雲世紀企業管理諮詢合夥企業(有限合夥)) (“**Beijing Tengyun**”), pursuant to which First Property (Beijing) agreed to inject RMB16.5 million into Beijing Tengyun in order to enable Beijing Tengyun to make a corresponding investment of RMB45.0 million into Wuhu Dezhixin Project Investment Partnership Enterprise (Limited Partnership)* (蕪湖德致信項目投資合夥企業(有限合夥)) (the “**Target Partnership**”). The Target Partnership is a limited partnership established under the laws of the PRC, which is managed by its general partners, Beijing Hemaoy Consulting Services Co., Ltd.* (北京和懋諮詢服務有限公司) and Beijing Rongkaide Investment Management Co., Ltd.* (北京融凱德投資管理有限公司).

Beijing Tengyun is ultimately owned as to 35.93% by Mr. Huang Tao (黃濤), a substantial Shareholder, who indirectly holds approximately 12.53% of the entire issued share capital of the Company. Hence, Beijing Tengyun, being an associate of Mr. Huang Tao, is a connected person of the Company and the transaction contemplated under the investment agreement constitutes a connected transaction of the Company. As the applicable percentage ratios (other than profits ratio) as defined under Rule 14.07 of the Listing Rules in respect of the capital injection contemplated under the investment agreement exceed 0.1% but are all less than 5%, such transaction is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempted from the circular (including obtaining advice from the independent financial advisor) and independent shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

For further details in relation to the above investment, please refer to the announcements of the Company dated 23 December 2024 and 2 January 2025.

Significant Events After the Reporting Period

Subscription of Wealth Management Products since the Listing of the Company

Since the listing of the Company, the Company's subscriptions for wealth management products offered by Bank of China Limited (中國銀行股份有限公司), Bank of Communications Co., Ltd. (交通銀行股份有限公司), China CITIC Bank Corporation Limited (中信銀行股份有限公司), China Guangfa Bank Co. Ltd.* (廣發銀行股份有限公司) and China Merchants Bank Co., Ltd. (招商銀行股份有限公司) through members of the Group respectively constitute discloseable transactions and major transactions of the Company. On 20 February 2025, the resolution regarding (i) BOC Accumulate Day-by-Day (中銀日積月累 — 日計劃) by Bank of China Limited (中國銀行股份有限公司) on 29 January 2024; and (ii) Guangyinanfu Xingfuliujin Wealth Management Scheme (「廣銀安富」幸福鑾金 — 日添薪人民幣理財計劃) by China Guangfa Bank Co. Ltd.* (廣發銀行股份有限公司) on 29 February 2024, were approved and ratified at the extraordinary general meeting of the Company by way of poll.

For further details of the above discloseable transactions and major transactions, please refer to the announcements of the Company dated 28 November 2024 and 20 February 2025 and the circular of the Company dated 24 January 2025.

Save as disclosed above and the recommendation of the payment of a final dividend of HK\$3.4 cents per Share for the year ended 31 December 2024, there is no other material event subsequent to 31 December 2024 which could have a material impact on the operating and financial performance of the Group as of the date of this announcement.

Annual General Meeting

The AGM will be held on Friday, 20 June 2025. A notice convening the AGM will be published and sent to the Shareholders in the manner required by the Listing Rules in due course.

Closure of Register of Members

For determining the entitlement of the Shareholders to attend the AGM, the register of members of the Company will be closed from Tuesday, 17 June 2025 to Friday, 20 June 2025 (both days inclusive). To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 16 June 2025.

For determining the entitlement of the Shareholders to receive the final dividend, the register of members of the Company will also be closed from Monday, 25 August 2025 to Wednesday, 27 August 2025 (both days inclusive). The Record Date is Wednesday, 27 August 2025. To be eligible to receive the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 22 August 2025.

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 31 December 2024, we had a total of 3,827 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 source; (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 organisation 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 managements and executives of the Company and lay a solid foundation for the management of the Company, so as to maintain a rapid and healthy development for our Company. Moreover, we have adopted a Share Option Scheme (as defined below) to incentivise qualified employees and a Share Award Scheme (as defined below) to retain eligible persons.

Use of Proceeds

The Company was listed on the Stock Exchange on 22 October 2020 (the "**Listing Date**"). 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 of the Company dated 12 October 2020 (the "**Prospectus**"); and (ii) the Company's announcement dated 27 December 2023 (the "**Announcement**") in relation to the change in use of proceeds.

The following table sets forth the status of the use of net proceeds from the Global Offering⁽¹⁾ as of 31 December 2024:

Revised intended use of proceeds	Percentage of revised intended use of proceeds %	Revised intended use of proceeds from the Global Offering	Amount of utilised proceeds as of 31 December 2024	Amount of unutilised proceeds as of 31 December 2024	Timeframe for the unutilised balance
			<i>In HK\$ millions</i>		
Strategic acquisitions or investments in property management companies and market expansion	38.0	217.1	211.4	5.7	By the end of 2026
Distribute to the Shareholders by way of cash dividend	32.0	182.8	139.4	43.4	By the end of 2026
Develop our intelligent community and enhance our information technology systems	10.0	57.1	11.0	46.1	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
Implementation of the “five talents” strategy (五才戰略) and other employee expenses	10.0	57.1	27.9	29.2	By the end of 2026
General business operations and working capital	10.0	57.1	57.1	–	–
Total	100.0	571.2	446.8	124.4	

Note:

- (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 unutilised net proceeds in the manner disclosed in the Announcement.

SHARE OPTION SCHEME

The 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 incentivizing 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 five years and five months as at the date of this announcement. 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 31 December 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.

SHARE AWARD SCHEME

The Company adopted the share award scheme (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 one month as at the date of this announcement. 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 share awards 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 share awards under the Share Award Scheme were granted nor vested since the adoption of the Share Award Scheme and for the year ended 31 December 2024 and as of 31 December 2024, the employee share trusts held 40,122,500 Shares.

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 announcement.

On 29 July 2021, the Company was informed that Cedar Group Management Limited (“**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 for the year ended 31 December 2024.

ROUNDING

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

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 Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix C1 to the Listing Rules as its own code of governance. The Company has complied with all the applicable code provisions set out in the CG Code during the year ended 31 December 2024. The Company will continue to review and monitor its corporate governance practice to ensure compliance with the CG Code.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (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 year ended 31 December 2024.

Purchase, Sale or Redemption of the Company’s Listed Securities

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares (as defined under the Listing Rules), if any). As of 31 December 2024 and as of the date of this announcement, the Company did not hold any treasury shares.

Audit Committee and Review of Financial Statements

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the CG Code. As of the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely Ms. Sun Jing (Chairlady), Mr. Cheng Peng and Mr. Yang Xi (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 annual results for the year ended 31 December 2024 and considered that the annual 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.

Scope of Work of KPMG

The financial figures in respect of the Group’s consolidated statement of financial position as at 31 December 2024, consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024 and the related notes thereto as set out in the preliminary announcement have been agreed by the Group’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

Publication of Annual Results and Annual Report 2024

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.firstservice.hk), and the annual report of the Company for the year ended 31 December 2024 containing all the information required by the Listing Rules will be sent to the Shareholders and published on the above websites in due course.

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

Hong Kong, 28 March 2025

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

* *For identification purposes only*