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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)**

## **SUPPLEMENTAL ANNOUNCEMENT COMPLETION OF INTERNAL CONTROL REVIEW**

Reference is made to the announcements of the Company published on November 28, 2024 and March 31, 2025 (the “**Announcements**”) and the circular of the Company dated January 24, 2025 (the “**Circular**”) in relation to, among others, certain transactions in relation to wealth management products. Unless otherwise specified, capitalized terms used in this announcement shall have the same meaning as used in the Announcements and the Circular.

The Company would like to provide further information as follows:

### **KEY FINDINGS OF THE INTERNAL CONTROL REVIEW**

The key findings of the internal control review for the Review Period, the corresponding recommended remedial measures and the Board’s responses are summarized as follows:

<b>Summary of Key Findings</b>	<b>Recommended Remedial Measures</b>	<b>Board’s Responses</b>
<i>Corporate Governance</i>		
1. The Group has not established specific maximum limits for individual investment to be made by subsidiaries, nor has it established corresponding risk control mechanisms.	To strengthen continuous monitoring and internal control of investment transactions, the Internal Control Consultant recommended the Group to:  (a) provide compliance trainings for all Board members, management and relevant staff;	(a) The Group has suspended all transactions in relation to the purchase of wealth management products.  (b) In December 2024, a total of 113 individuals comprising all Board members, heads of the finance department and investment development department, Board office’s representative and other relevant personnel participated in an online training seminar on Chapter 14 of the Listing Rules conducted by the legal advisors of the Company.

Summary of Key Findings	Recommended Remedial Measures	Board's Responses
2. The Group approves the purchase of wealth management products by the subsidiaries but has no control over the final terms of transactions negotiated between the subsidiaries and banks or financial institutions.	(b) appoint designated staff for reviewing and supervising the risks and compliance disclosures of various investment transactions;	(c) The Group has appointed designated personnel, including executive Directors, the chief financial officer and leaders in the finance department, to oversee the review and supervision of risks and compliance disclosures for various investment transactions. The chief financial officer is responsible for assessing the significance of transactions, ensuring compliance with regulatory disclosure requirements, and overseeing the timely publication of announcements on the website of the Stock Exchange.
3. The monitoring mechanism to review cumulative investments is inadequate and no consolidated analysis of investment decisions has been made.	(c) review and revise relevant practice standards to clarify internal management processes, approval procedures, disclosures and reporting rules;	
	(d) conduct regular internal audit of the reporting and disclosure practices in accordance with practice standards; and	
4. The Group has not established a policy for investment cap and lacks effective control measures for its overall investment scale.	(e) revise the annual training plan to cover topics concerning both daily operations and the Listing Rules.	(d) The Group has revised and formulated relevant codes, policies and business procedures as required by the Listing Rules, incorporating workflows for transaction identification, risk assessment, approval processes, disclosure, record-keeping, training and compliance supervision. These measures, along with key investment principles such as prioritizing operational needs, diversification, risk tolerance and investment caps, have been formally implemented following the review and approval by the audit committee of the Company.
		(e) The Board has implemented follow-up remedial measures and provided the following documentation to the Internal Control Consultant: <ul style="list-style-type: none"> <li>• <b>Relevant training and certification documents:</b> conducted targeted training sessions for relevant personnel to enhance their understanding of the revised policies, risk control mechanisms and compliance requirements;</li> </ul>

## Summary of Key Findings

## Recommended Remedial Measures

## Board's Responses

- **Revised practice standards for financial investment management and day-to-day fund management:** introduced stringent approval processes to ensure that all investment transactions align with the Group's unified investment limits and adhere to the Group's overall risk tolerance. Strengthened oversight of subsidiaries' negotiations with banks or financial institutions, ensuring final transaction terms are reviewed and approved by the Group;
- **Revised practice standards on information disclosure:** enhanced transparency by formulating new standards for reporting and disclosure practices. These standards include detailed requirements for monitoring cumulative investments and performing consolidated analyses of investment decisions. Regular reporting mechanisms were introduced to ensure timely updates on investment performance and compliance with approved limits;
- **Revised job responsibilities for relevant personnel:** clearly defined and revised the responsibilities of personnel involved in monitoring and reporting transaction situations which are set out in the aforementioned documents. Designated specific roles for overseeing cumulative investments, enforcing the investment cap policy, and conducting consolidated analyses of investment decisions. Strengthened accountability by assigning dedicated personnel to ensure effective control over the Group's overall investment scale;

**Summary of Key Findings****Recommended Remedial Measures****Board's Responses**

- **Policy for investment cap and control measures for investment scale:** Developed and implemented a formal policy for setting an investment cap, including both individual and aggregate limits. Introduced effective control measures to monitor and manage the Group's overall investment scale, ensuring it remains within acceptable thresholds. Regular audits and reviews were incorporated into the policy to identify and address deviations promptly; and
- **Regular internal audits of reporting and disclosure practices:** Conducted regular internal audits to ensure that reporting and disclosure practices align with established practice standards. Identified gaps were promptly addressed to strengthen compliance, enhance transparency and mitigate potential risks.

- (f) The Group revised the annual training plan to include topics on daily operations and the Listing Rules. Implemented continuous monitoring of regulatory changes to ensure training materials remain up-to-date.

***Fund Management***

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| 5. The Group failed to use the return rates of risk-free products as a benchmark for investment decision making process. | (a) The Group should take into account the returns of risk-free products when making investment decisions.   | (a) The Board has incorporated the consideration of the returns from risk-free products into the Group's investment policies. |
| 6. Inadequate records were kept in respect of investment decisions process and actual return.                            | (b) The Group should consider investing in products that help reduce overall investment risk like risk-free products, including fixed deposits and government bonds. | (b) Written records for every investment decision will be maintained for review and audit.                                    |

Having considered the findings of the internal control review, the corresponding recommended remedial measures, and the remedial actions taken by the Group, the Board is of the view that the Company's internal control, as amended and supplemented, are adequate and effective.

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

Hong Kong, April 9, 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.*