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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)

CONTINUING CONNECTED TRANSACTIONS

The Board announces that on June 28, 2022, the Company entered into the New Master Agreements with First Assets, namely (1) the First Assets Master Maintenance Services Agreement; (2) the First Assets Master Lease Agreement; (3) the First Assets Master Software and Services Agreement; and (4) the First Assets Master Property Management Agreement.

LISTING RULES IMPLICATIONS

Subsequent to the Reorganization and as at the date of this announcement, First Assets is indirectly owned by Mr. Zhang Peng as to 99.9% and Mr. Long Han as to 0.1%.

Mr. Zhang Peng is the chairman of the Board and a non-executive Director. Mr. Long Han is a non-executive Director. Hence, First Assets is an associate of Mr. Zhang Peng and is a connected person of the Company.

Pursuant to Rule 14.07 of the Listing Rules, as one or more of the applicable percentage ratios calculated on the basis of the proposed annual caps under the First Assets Master Maintenance Services Agreement, the First Assets Master Lease Agreement and the First Assets Master Software and Services Agreement exceed 0.1% but all of the applicable percentage ratios are less than 5% on an annual basis, and in each case, on aggregate basis, the First Assets Master Maintenance Services Agreement, the First Assets Master Lease Agreement and the First Assets Master Software and Services Agreement and the continuing connected transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules but are exempted from the circular (including advice from the IFA) and Independent Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

Pursuant to Rule 14.07 of the Listing Rules, as one or more of the applicable percentage ratios calculated on the basis of the proposed annual cap under the First Assets Master Property Management Agreement exceed 5%, on standalone and aggregate basis, the First Assets Master Property Management Agreement and the continuing connected transactions contemplated thereunder are subject to the reporting, announcement, annual review, circular (including advice from the IFA) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

The Board announces that on June 28, 2022, the Company entered into the New Master Agreements with First Assets, namely (1) the First Assets Master Maintenance Services Agreement; (2) the First Assets Master Lease Agreement; (3) the First Assets Master Software and Services Agreement; and (4) the First Assets Master Property Management Agreement.

CONTINUING CONNECTED TRANSACTIONS

The salient terms of each of the New Master Agreements are summarized below:

1. Transactions exempt from Independent Shareholders' approval requirement

1.1. First Assets Master Maintenance Services Agreement

Date	:	June 28, 2022
Parties	:	(1) the Company; and (2) First Assets
Term:	:	From June 28, 2022 (the date of the First Assets Master Maintenance Services Agreement) to December 31, 2022 (both dates inclusive)
Description of transactions	:	Pursuant to the First Assets Master Maintenance Services Agreement, members of the Group will procure maintenance services from members of the First Assets Group, which comprise mainly of elevator system and other ad hoc maintenance services.

From time to time and as required during the term of the First Assets Master Maintenance Services Agreement, members of the Group will enter into individual maintenance services agreements with members of the First Assets Group which will set out specific terms and conditions such as particulars of the services, service fees, payment terms and method, quality standard and service period.

Terms and pricing policies : The individual agreements to be entered into between members of the Group and members of the First Assets Group under the First Assets Master Maintenance Services Agreement will be on normal commercial terms. The service fees will be determined by each of the parties in a fair and reasonable manner, with reference to market price for similar services. In particular, (i) elevator system maintenance services will be charged on a lump sum basis. For each engagement, the Group will typically obtain quotations from at least two other third-party service providers to determine if the terms are fair and reasonable and (ii) ad hoc maintenance services will be charged on a lump sum basis, taking into account the nature of service required, costs of labor, materials, utilities and supplies. The terms and conditions offered by members of the First Assets Group to members of the Group shall not be less favorable than to those of the same type of maintenance services offered by an Independent Third Party.

Upon the First Assets Master Maintenance Services Agreement becoming effective, all the transactions contemplated under the Existing First Assets Maintenance Services Agreements will be covered by the framework of the First Assets Master Maintenance Services Agreement, the principal terms of which shall apply to the extent practicable.

Historical transaction amounts : The historical transaction amounts incurred under the Existing First Assets Maintenance Services Agreements for the two months ended December 31, 2021 and the five months ended May 31, 2022 amounted to RMB0.8 million and RMB1.4 million, respectively.

Cap on future transaction amounts : The annual cap for the First Assets Master Maintenance Services Agreement for the year ending December 31, 2022 amount to RMB14.0 million. Upon the First Assets Master Maintenance Services Agreement becoming effective, the transactions contemplated under the Existing First Assets Maintenance Services Agreements will be covered by the framework of the First Assets Master Maintenance Services Agreement and the transaction amounts under the Existing First Assets Maintenance Services Agreements will be accounted to the annual cap under the First Assets Master Maintenance Services Agreement.

In considering the annual cap for the First Assets Master Maintenance Services Agreement, the Directors have considered (i) the historical transaction amounts incurred under the Existing First Assets Maintenance Services Agreements, (ii) the historical service fees, and (iii) the prevailing market rate for similar maintenance services. In particular, for elevator maintenance services, the Directors have considered the estimated service fees based on contracts already or expected to be entered into and the estimated number of elevator systems that would require maintenance based on the Group's current and expected property management projects and properties under management. For general maintenance services, the Directors have also considered the estimated amount of other maintenance services required based on the type, age and GFA of the current and expected properties under the Group's management.

Listing Rules implications : As all of the applicable percentage ratios (other than profits ratio) as defined under Rule 14.07 of the Listing Rules are less than 5% and the total consideration is less than HK\$3,000,000, transactions incurred under the Existing First Assets Maintenance Services Agreements for (i) the two months ended December 31, 2021 and (ii) the five months ended May 31, 2022, each on a standalone basis, constitute de minimis transactions pursuant to Rule 14A.76 of the Listing Rules and are fully exempt from Independent Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

However, as these transactions are of similar nature under the Modern Investment Master Maintenance Services Agreement and were entered into by the Group with parties who are connected with or associated with Mr. Zhang Peng and Mr. Long Han, therefore, these transactions should be aggregated with those under the Modern Investment Master Maintenance Services Agreement under Rules 14A.81 and 14A.82(1) of the Listing Rules.

As all of the applicable percentage ratios (other than profits ratio) as defined under Rule 14.07 of the Listing Rules in respect of (i) the historical transaction amounts under the Existing First Assets Maintenance Services Agreements for the two months ended December 31, 2021 and (ii) the annual cap under Modern Investment Master Maintenance Services Agreement for the year ended December 31, 2021, in aggregate, is more than 0.1%, but less than 5% on annual basis, the transactions under the Existing First Assets Maintenance Services Agreements for the two months ended December 31, 2021 are exempt from Independent Shareholders' approval requirement but are subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

As the highest relevant percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules in respect of the annual caps under (i) the First Assets Master Maintenance Services Agreement and (ii) the Modern Investment Master Maintenance Services Agreement for the year ending December 31, 2022, in aggregate, is more than 0.1%, but less than 5% on annual basis, the transactions contemplated under the First Assets Master Maintenance Services Agreement are exempt from Independent Shareholders' approval requirement but are subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

1.2. First Assets Master Lease Agreement

Date : June 28, 2022

Parties : (1) the Company; and

(2) First Assets

Term: : From June 28, 2022 (the date of the First Assets Master Lease Agreement) to December 31, 2022 (both dates inclusive)

Description of transactions : Pursuant to the First Assets Master Lease Agreement, members of the Group (as lessee) shall lease properties to members of the First Assets Group (as lessor).

From time to time and as required during the term of the First Assets Master Lease Agreement, members of the Group will enter into individual lease agreements with members of the First Assets Group which will set out specific terms and conditions such as relevant property, rental fees and rental period.

Terms and pricing policies : The individual agreements to be entered into between members of the Group and members of the First Assets Group under the First Assets Master Lease Agreement will be on normal commercial terms. The rental fees will be determined in a fair and reasonable manner and shall reflect the prevailing market rentals of similar or comparable premises in neighboring areas based on available property rental market comparable, and actual GFA of the leased properties and their potential appreciation in value. The terms and conditions offered to members of the Group by members of the First Assets Group shall be on an arm's length basis and on normal commercial terms, and shall not be less favorable than those for similar or comparable premises offered to an Independent Third Party.

Upon the First Assets Master Lease Agreement becoming effective, all the transactions contemplated under the Existing First Assets Lease Agreements will be covered by the framework of the First Assets Master Lease Agreement, the principal terms of which shall apply to the extent practicable.

Historical transaction amounts : The historical transaction amounts incurred under the Existing First Assets Lease Agreements for the two months ended December 31, 2021 and the five months ended May 31, 2022 amounted to RMB0.04 million and RMB0.1 million, respectively.

Cap on future transaction amounts : The annual cap for the First Assets Master Lease Agreement for the year ending December 31, 2022 amount to RMB1.0 million.

In considering the annual cap for the First Assets Master Lease Agreement, the Directors have considered (i) the historical transaction amounts under the Existing First Assets Lease Agreements, (ii) the historical rental fees, (iii) the lease agreements members of the Group have entered into with members of the First Assets Group, (iv) the expected new lease agreements that are expected to be entered into with members of the First Assets Group, and (v) other factors including the expected growth of rental fee in the PRC property market.

Upon the First Assets Master Lease Agreement becoming effective, the transactions contemplated under the Existing First Assets Lease Agreements will be covered by the framework of the First Assets Master Lease Agreement and the transaction amounts under the Existing First Assets Lease Agreements will be accounted to the annual cap under the First Assets Master Lease Agreement.

Listing Rules implications : As all of the applicable percentage ratios (other than profits ratio) as defined under Rule 14.07 of the Listing Rules are less than 0.1%, transactions incurred under the Existing First Assets Lease Agreements for (i) the two months ended December 31, 2021 and (ii) the five months ended May 31, 2022, each on a standalone basis, constitute de minimis transactions pursuant to Rule 14A.76 of the Listing Rules and are fully exempt from Independent Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

However, as these transactions are of similar nature under the Modern Investment Master Lease Agreement and were entered into by the Group with parties who are connected with or associated with Mr. Zhang Peng and Mr. Long Han, therefore, these transactions should be aggregated with those under the Modern Investment Master Lease Agreement under Rules 14A.81 and 14A.82(1) of the Listing Rules.

As all of the applicable percentage ratios (other than profits ratio) as defined under Rule 14.07 of the Listing Rules in respect of (i) the historical transaction amounts under the Existing First Assets Lease Agreements for the two months ended December 31, 2021 and (ii) the annual caps under the Modern Investment Master Lease Agreement for the year ended December 31, 2021, in aggregate, is more than 0.1%, but less than 5% on annual basis, the transactions under the Existing First Assets Lease Agreements for the two months ended December 31, 2021 are exempt from Independent Shareholders' approval requirement but are subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

As the highest relevant percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules in respect of the annual caps under (i) the First Assets Master Lease Agreement and (ii) the Modern Investment Master Lease Agreement for the year ending December 31, 2022, in aggregate, is more than 0.1%, but less than 5% on annual basis, the transactions contemplated under the First Assets Master Lease Agreement are exempt from Independent Shareholders' approval requirement but are subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

1.3. First Assets Master Software and Services Agreement

- Date : June 28, 2022
- Parties : (1) the Company; and
(2) First Assets
- Term: : From June 28, 2022 (the date of the First Assets Master Software and Services Agreement) to December 31, 2022 (both dates inclusive)
- Description of transactions : Pursuant to the First Assets Master Software and Services Agreement, members of the First Assets Group will purchase the license for the use of various modules of the software system, according to their business needs and members of the Group will also provide supporting services to members of the First Assets Group at an annual fee.

From time to time and as required during the term of the First Assets Master Maintenance Services Agreement, members of the Group will enter into individual software and services agreements with members of the First Assets Group which will set out specific terms and conditions.

- Terms and pricing policies : The individual agreements to be entered into between members of the Group and members of the First Assets Group under the First Assets Master Software and Services Agreement will be on normal commercial terms. The license and supporting service fees will be determined in a fair and reasonable manner. In particular, (i) license fees will be charged on a lump sum basis, with reference to the fair market price of software systems with similar functionalities, and (ii) supporting service fees will be charged on a lump sum basis, taking into account fair market price of supporting services for systems of similar nature. The terms and conditions offered to members of the Group by the members of the First Assets Group shall be on an arm's length basis and on normal commercial terms, and shall not be less favorable than those for similar or comparable systems and services offered by an Independent Third Party.
- Historical transaction amounts : Members of the First Assets Group did not purchase or implement any software systems, as such, no service fees were paid by members of the First Assets Group to members of the Group, the historical transaction amounts were nil in each of the two months ended December 31, 2021 and the five months ended May 31, 2022.
- Cap on future transaction amounts : The annual cap for the First Assets Master Software and Services Agreement for the years ending December 31, 2022 amounts to RMB4.0 million.

In considering the annual cap for the First Assets Master Software and Services Agreement, the Directors have considered (i) the demands of the Group's office management software systems from members of the First Assets Group, (ii) the estimated costs of providing the relevant supporting services, and (iii) the prevailing market rate for provision of similar software systems and supporting services.

Listing Rules implications : As these transactions are of similar nature under the Modern Investment Master Software and Services Agreement and the First Living Master Software and Services Agreement and were entered into by the Group with parties who are connected with or associated with Mr. Zhang Peng and Mr. Long Han, therefore, these transactions should be aggregated with those under the Modern Investment Master Software and Services Agreement and the First Living Master Software and Services Agreement under Rules 14A.81 and 14A.82(1) of the Listing Rules.

As the highest relevant percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules in respect of the annual caps under (i) the First Assets Master Software and Services Agreement, (ii) the Modern Investment Master Software and Services Agreement, and (iii) the First Living Master Software and Services Agreement for the year ending December 31, 2022, in aggregate, is more than 0.1%, but less than 5% on annual basis, the transactions are exempt from Independent Shareholders' approval requirement but are subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

2. Transaction requiring Independent Shareholders' approval

2.1. First Assets Master Property Management Agreement

Date : June 28, 2022

Parties : (1) the Company; and
(2) First Assets

Term : From the date of the approval of the First Assets Master Property Management Agreement and the annual cap in relation thereto by the Independent Shareholders to December 31, 2022 (both dates inclusive)

Description of transactions : Pursuant to the First Assets Master Property Management Agreement, members of the Group agreed to provide property management services, energy operation services and value-added services, including communal area leasing services to members of the First Assets Group.

From time to time and as required during the term of the First Assets Master Property Management Agreement, members of the Group will enter into individual property management services agreements with members of the First Assets Group which will set out specific terms and conditions such as the type of management services required, service fees and service period.

Terms and pricing policies : The individual agreements to be entered into between members of the Group and members of the First Assets Group under the First Assets Master Property Management Agreement will be on normal commercial terms. Members of the Group will be engaged by members of the First Assets Group through standard tender bidding procedures in accordance with the relevant PRC laws and regulations, with fee quotes set out in the tender documents. The management fees will be determined by each of the parties having regard to the fair market prices, historical management fees and costs of management services. In particular, (i) property management services will be priced by taking into account requirements under applicable laws and regulations, government guidance prices, characteristics, including nature, age, infrastructure features and locations of the properties, the contracted scope of services and expected quality standards, and expected costs, (ii) fees for energy operation services will be determined by forecasting demand and taking into account expected costs and local authorities' energy unit prices, (iii) parking space management services will be quoted at a fixed price per month, which are determined based on local market conditions and prices for similar services provided at nearby locations, and (iv) fees for other value-added services will generally be determined based on the costs of providing the relevant services. The management fees shall be determined in a fair and reasonable manner and the terms and conditions offered by members of the Group to members of the First Assets Group shall be on an arm's length basis and on normal commercial terms, and shall not be less favorable than those of the same type of property management services offered to an Independent Third Party.

Upon the First Assets Master Property Management Agreement becoming effective, all the transactions contemplated under the Existing First Assets Property Management Agreements will be covered by the framework of the First Assets Master Property Management Agreement, the principal terms of which shall apply to the extent practicable.

- Historical transaction amounts : The historical transaction amounts incurred under the Existing First Assets Property Management Agreements for the two months ended December 31, 2021 and the five months ended May 31, 2022 amounted to RMB1.2 million and RMB2.2 million, respectively.
- Cap on future transaction amounts : The annual cap for the First Assets Master Property Management Agreement for the year ending December 31, 2022 amounts to RMB9.0 million. Upon the First Assets Master Property Management Agreement becoming effective, the transactions contemplated under the Existing First Assets Property Management Agreements will be covered by the framework of the First Assets Master Property Management Agreement and the transaction amounts under the Existing First Assets Property Management Agreements will be accounted to the annual cap under the First Assets Master Property Management Agreement.

In determining the above annual cap, the Directors have considered (i) the historical transaction amounts including those under the Existing First Assets Property Management Agreements, (ii) the current GFA that members of the Group manage for members of the First Assets Group, current monthly management fee and the property management service contracts already entered into, (iii) the expected GFA of properties that members of the Group will be engaged by members of the First Assets Group to manage based on its business plan, and the expected increase in number of property units used by members of the First Assets Group as a result of its business growth and expansion, and (iv) the expected demand for communal area leasing services and other value-added services.

Listing Rules implications : As all of the applicable percentage ratios (other than profits ratio) as defined under Rule 14.07 of the Listing Rules are less than 5% and the total consideration is less than HK\$3,000,000, transactions incurred under the Existing First Assets Property Management Agreements for (i) the two months ended December 31, 2021 and (ii) the five months ended May 31, 2022, each on a standalone basis, constitute de minimis transactions pursuant to Rule 14A.76 of the Listing Rules and are fully exempt from Independent Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

However, as these transactions are of similar nature under the Modern Investment Master Property Management Agreement, the Modern Land Master Property Management Agreement and the Super Land Master Property Management Agreement and were entered into by the Group with parties who are connected with or associated with Mr. Zhang Peng and Mr. Long Han, therefore, these transactions should be aggregated with those under the Modern Investment Master Property Management Agreement, the Modern Land Master Property Management Agreement and the Super Land Master Property Management Agreement under Rules 14A.81 and 14A.82(1) of the Listing Rules.

As all of the applicable percentage ratios (other than profits ratio) as defined under Rule 14.07 of the Listing Rules in respect of (i) the historical transaction amounts under the Existing First Assets Property Management Agreements for the two months ended December 31, 2021 and (ii) the annual caps under the Modern Investment Master Property Management Agreement, the Modern Land Master Property Management Agreement and the Super Land Master Property Management Agreement for the year ended December 31, 2021, in aggregate, exceed 5% on annual basis, the transactions are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest relevant percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules in respect of the annual caps under (i) the First Assets Master Property Management Agreement, (ii) the Modern Investment Master Property Management Agreement, (iii) the Modern Land Master Property Management Agreement, and (iv) the Super Land Master Property Management Agreement for the year ending December 31, 2022, in aggregate, exceed 5% on annual basis, the transactions under the First Assets Master Property Management Agreement are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Others : The First Assets Master Property Management Agreement is conditional upon the approval by the Independent Shareholders of the First Assets Master Property Management Agreement and the cap in relation thereto.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW MASTER AGREEMENTS

The Group has been carrying on transactions with the Modern Investment Group (which the then First Assets Group formed part) pursuant to the Existing Modern Investment Master Agreements which constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. By the end of March 2022, the Group became aware that the First Assets Group ceased to be a subsidiary of Modern Investment following the Reorganization since October 25, 2021, notwithstanding First Assets remained indirectly owned as to 99.9% by Mr. Zhang Peng, the chairman of the Board and a non-executive Director, and indirectly owned as to 0.1% by Mr. Long Han, a non-executive Director. As the Reorganization, namely the reorganization of Modern Investment, was unknown to the management of the Company until the end of March 2022. Before the end of March 2022, the Group thought that First Assets Group were still part of the Modern Investment Group and thus, the transactions between the Group and First Assets Group were covered under the Existing Modern Investment Master Agreements. The Company takes the incident seriously and has taken a number of remedial actions to prevent recurrence, including establishing a working group to monitor the ongoing compliance of connected transactions and launching additional trainings for the Directors.

The entering into of the New Master Agreements will enable the Group to leverage on First Asset's familiarity with the Group's product specifications and quality requirements from the previous transactions in relation to the Existing Modern Investment Master Agreements since the Group's Listing. Furthermore, the New Master Agreements will continue to allow

the Group to provide and/or procure products and/or services needed for its ordinary and usual course of business at market price and terms and with assured stable quality, contributing towards the Group's efforts in cost control and improving efficiency.

The Directors (excluding all the independent non-executive Directors whose views will be given after taking into account the advice from the IFA) are of the view that the transactions contemplated under the First Assets Master Property Management Agreement are and will be entered into in the ordinary and usual course of business of the Group and are and will be on normal commercial terms and the terms thereof and the cap in relation to thereto are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the First Assets Master Maintenance Services Agreement, the First Assets Master Lease Agreement and the First Assets Master Software and Services Agreement are and will be entered into in the ordinary and usual course of business of the Group and are and will be on normal commercial terms and the terms thereof and the caps in relation thereto are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Mr. Zhang Peng is the chairman of the Board and a non-executive Director. Mr. Long Han is a non-executive Director. Therefore, Mr. Zhang Peng and Mr. Long Han are required to abstain from voting on the relevant Board resolutions approving the New Master Agreements.

Save for the above, to the best of knowledge, information and belief of the Directors after having made all reasonable enquiries, no other Director has a material interest in the New Master Agreements or are required to abstain from voting on the relevant Board resolutions approving the transactions in relation to the New Master Agreements.

INFORMATION OF THE PARTIES

The Company

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

First Assets

First Assets is a limited liability company established under the laws of the PRC and is indirectly owned as to 99.9% by Mr. Zhang Peng, the chairman of the Board and a non-executive Director, and indirectly owned as to 0.1% by Mr. Long Han, a non-executive Director. First Assets is primarily engaged in investment holding business in the PRC.

REMEDIAL MEASURES AND INTERNAL CONTROL PROCEDURES

The Company has taken and will take remedial measures and has adopted internal control procedures with a view to ensuring timely compliance with the Listing Rules supervising and monitoring the continuing connected transactions contemplated under the New Master Agreements and the annual caps related thereto, and preventing recurrence of similar events, namely:

- (1) preparing a continuing connected transaction report (the “**CCT Report**”) once every six months on continuing connected transactions which will be submitted internally to such dedicated team within the Group for consideration. The contents of the CCT Report will include (i) the aggregate amount of transactions; and (ii) the status of compliance with the annual caps;
- (2) regularly reminding connected persons that if there is a change in shareholding, which may affect connected transactions of the Company, they must notify the Company in advance to determine whether there are any Listing Rules implications;
- (3) ensuring that the senior management/personnel of relevant member(s) of the Group should report any potential connected transaction or event where the counterparty(ies) or the subject company(ies) of the proposed transaction may in any way relate to any of the substantial shareholders, chief executives or directors (as defined under the Listing Rules) of any member of the Group (including their relatives and related trusts or companies) to the senior management/personnel of the Company in advance in order to ascertain whether there will be any implications under the Listing Rules;
- (4) providing regular special and in-depth training sessions for the Directors, senior management/ personnel of relevant member(s) of the Group to remind them, to report transactions which may constitute notifiable and/ or connected transactions under the Listing Rules to the Group’s compliance personnel and seek professional advice if necessary;
- (5) for proposed transaction(s) which may constitute new connected transaction(s) of the Group, consulting legal advisers and the Stock Exchange (where necessary) in a timely manner prior to entering into of such transaction(s);
- (6) before entering into each individual agreement, the operation department and management of the Company will examine and compare the proposed pricing terms for each individual agreement entered into pursuant to and during the term of the New Master Agreements with the terms offered to or from other Independent Third Parties, in order to ensure that such pricing terms are determined based on arm’s length negotiations between the parties and are fair and reasonable, on normal commercial terms and on terms that are no less favorable to the Group than terms available to or from Independent Third Parties;

- (7) before entering into each individual agreement, the finance department of the Company will (i) review whether the continuing connected transactions have been conducted in accordance with the terms of the New Master Agreements, and (ii) monitor the amounts under the continuing connected transactions contemplated under the New Master Agreements to ensure that the annual caps are not exceeded; and
- (8) if it is expected that the transaction amount of any continuing connected transaction under the New Master Agreements that is or will be incurred in the financial year will reach or exceed the relevant annual cap, the finance department of the Group shall report to the management of the Company and consider the measures to be taken to ensure that the requirements under the Listing Rules are complied with, including obtaining the approval of Independent Shareholders (if required).

The Company will also adopt adequate internal control measures to comply with the Listing Rules requirements with respect to the supervision and monitoring of the annual caps of the transactions contemplated under the New Master Agreements.

The Company's external auditor will review the continuing connected transaction under the New Master Agreements annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the annual caps have been exceeded. The independent non-executive Directors will also review the continuing connected transactions under the New Master Agreements annually to check and confirm whether such continuing connected transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, on terms that are fair and reasonable and in the interests of the Group and the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such continuing connected transactions are conducted in accordance with the pricing policies.

LISTING RULES IMPLICATIONS

Subsequent to the Reorganization and as at the date of this announcement, First Assets is indirectly owned by Mr. Zhang Peng as to 99.9% and Mr. Long Han as to 0.1%.

Mr. Zhang Peng is the chairman of the Board and a non-executive Director. Mr. Long Han is a non-executive Director. Hence, First Assets is an associate of Mr. Zhang Peng and is a connected person of the Company.

Pursuant to Rule 14.07 of the Listing Rules, as one or more of the applicable percentage ratios calculated on the basis of the proposed annual caps under the First Assets Master Maintenance Services Agreement, the First Assets Master Lease Agreement and the First Assets Master Software and Services Agreement exceed 0.1% but all of the applicable percentage ratios are less than 5% on an annual basis, and in each case, on aggregate basis, the First Assets Master Maintenance Services Agreement, the First Assets Master Lease

Agreement and the First Assets Master Software and Services Agreement and the continuing connected transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules but are exempted from the circular (including advice from the IFA) and Independent Shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

Pursuant to Rule 14.07 of the Listing Rules, as one or more of the applicable percentage ratios calculated on the basis of the proposed annual cap under the First Assets Master Property Management Agreement exceed 5%, on standalone and aggregate basis, the First Assets Master Property Management Agreement and the continuing connected transactions contemplated thereunder are subject to the reporting, announcement, annual review, circular (including advice from the IFA) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EXTRAORDINARY GENERAL MEETING

The Independent Board Committee, comprising Ms. Sun Jing, Mr. Cheng Peng and Mr. Chen Sheng, has been formed to advise the Independent Shareholders as to whether the First Assets Master Property Management Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms and is in the interests of the Group and the Shareholders as a whole and whether the terms thereof are fair and reasonable and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the IFA, in respect of such matters at the EGM.

As at the date of this announcement, (i) Mr. Zhang Peng directly holds approximately 0.82% of the total number of the issued Shares, (ii) Hao Fung, which is wholly owned by Mr. Zhang Peng, holds approximately 17.08% of the total number of the issued Shares, and (iii) Long Han Management, which is wholly owned by Mr. Long Han, holds approximately 1.05% of the total number of the issued Shares. Mr. Zhang Peng, together with Mr. Zhang Lei, being parties acting in concert, were interested in 513,929,000 Shares, representing approximately 51.39% of the total number of the issued Shares as at the date of this announcement. In accordance with the Listing Rules, Mr. Zhang Peng, Mr. Long Han, their respective associates and parties acting in concert, including Hao Fung, Long Han Management and Mr. Zhang Lei, will abstain from voting on the ordinary resolution to approve the First Assets Master Property Management Agreement and the proposed cap in relation thereto at the EGM.

A circular containing, amongst other things, further details on the transactions under the First Assets Master Property Management Agreement, a letter from the Independent Board Committee to the Independent Shareholders and a letter from the IFA to the Independent Board Committee and the Independent Shareholders, together with the notice of the EGM will be despatched to the Shareholders on or before August 11, 2022.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	First Service Holding Limited (第一服务控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of 2022 of the Company to be held for Independent Shareholders to consider and approve the First Assets Master Property Management Agreement (including the proposed annual cap)
“Existing First Assets Lease Agreements”	the agreements entered or to be entered into between members of the Group and members of the First Assets Group on or before the effective date of the First Assets Master Lease Agreement in relation to lease of properties by members of the Group (as lessee) to members of the First Assets Group (as lessor)
“Existing First Assets Maintenance Services Agreements”	the agreements entered or to be entered into between members of the Group and members of the First Assets Group on or before the effective date of the First Assets Master Maintenance Services Agreement in relation to procurement of maintenance services by members of the Group from members of the First Assets Group
“Existing First Assets Property Management Agreements”	the agreements entered or to be entered into between members of the Group and members of the First Assets Group on or before the effective date of the First Assets Master Property Management Agreement in relation to provision of property management services, energy operation services and value-added services, including communal area leasing services by members of the Group to members of the First Assets Group

“Existing Modern Investment Master Agreements”	collectively, the Modern Investment Master Maintenance Services Agreement, the Modern Investment Master Lease Agreement, the Modern Investment Master Software and Services Agreement and the Modern Investment Master Property Management Agreement
“First Assets”	First MOMA Assets Management (Beijing) Co., Ltd. (第一摩碼資產管理(北京)有限公司), a company established under the laws of the PRC with limited liability, primarily engaged in investment holding business, which is indirectly owned as to 99.9% by Mr. Zhang Peng, the chairman of the Board and a non-executive Director, and indirectly owned as to 0.1% by Mr. Long Han, a non-executive Director
“First Assets Group”	First Assets and its subsidiaries and 30%-controlled companies
“First Assets Master Lease Agreement”	the master lease agreement dated June 28, 2022 entered into between the Company and First Assets
“First Assets Master Maintenance Services Agreement”	the master maintenance services agreement dated June 28, 2022 entered into between the Company and First Assets
“First Assets Master Property Management Agreement”	the master property management agreement dated June 28, 2022 entered into between the Company and First Assets
“First Assets Master Software and Services Agreement”	the master software and services agreement dated June 28, 2022 entered into between the Company and First Assets
“First Living”	First MOMA Human Environment Technology (Beijing) Co., Ltd. (第一摩碼人居環境科技(北京)有限公司) (formerly known as First MOMA Human Environment Technology (Beijing) Joint Stock Limited Company (第一摩碼人居環境科技(北京)股份有限公司)), a limited liability company established in the PRC on December 3, 2014, and an indirect non-wholly owned subsidiary of our Company
“First Living Master Software and Services Agreement”	the master software and services agreement dated September 28, 2020 entered into between the Company and First Living, details of which are set out in the Prospectus

“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“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 and is wholly owned by Mr. Zhang Peng
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IFA”	Altus Capital Limited, a corporation licensed under the Securities and Futures Ordinance to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, appointed as independent financial adviser to advise the Independent Board Committee and Independent Shareholders
“Independent Board Committee”	an independent board committee of the Board comprising all independent non-executive Directors, namely Ms. Sun Jing, Mr. Cheng Peng and Mr. Chen Sheng
“Independent Shareholder(s)”	Shareholders other than Mr. Zhang Peng and Mr. Long Han, their associates and parties acting in concert
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not the connected persons or associates of the connected persons as defined under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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 and wholly owned by Mr. Long Han

“Modern Investment”	Modern Investment Group Co., Ltd. (當代投資集團有限公司), a company established in the PRC with limited liability on November 10, 1999, is indirectly owned as to 99.9% by Mr. Zhang Peng, the chairman of the Board and a non-executive Director, and indirectly owned as to 0.1% by Mr. Long Han, a non-executive Director
“Modern Investment Group”	Modern Investment and its subsidiaries and 30%-controlled companies
“Modern Investment Master Lease Agreement”	the master lease agreement dated September 28, 2020 entered into between the Company and Modern Investment, details of which are set out in the Prospectus
“Modern Investment Master Maintenance Services Agreement”	the master maintenance service agreement dated September 28, 2020 entered into between the Company and Modern Investment, details of which are set out in the Prospectus
“Modern Investment Master Property Management Agreement”	the master property management agreement dated September 28, 2020 entered into between the Company and Modern Investment, details of which are set out in the Prospectus
“Modern Investment Master Software and Services Agreement”	the master software and services agreement dated September 28, 2020 entered into between the Company and Modern Investment, details of which are set out in the Prospectus
“Modern Land”	Modern Land (China) Co., Limited (當代置業(中國)有限公司) (stock code: 1107), an exempted company with limited liability incorporated in the Cayman Islands on June 28, 2006 and the shares of which are listed on the Main Board of the Stock Exchange, is indirectly owned as to 66.11% by Mr. Zhang Lei
“Modern Land Master Property Management Agreement”	the master property management agreement dated December 4, 2019 entered into between the Company and Modern Land, details of which are set out in the Prospectus
“New Master Agreements”	collectively, the First Assets Master Maintenance Services Agreement, the First Assets Master Lease Agreement, the First Assets Master Software and Services Agreement and the First Assets Master Property Management Agreement

“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated October 12, 2020
“Reorganization”	the reorganization of Modern Investment
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the shares of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Super Land”	Super Land Holdings Limited, a BVI business company incorporated in the BVI with limited liability on October 24, 2006, is indirectly and wholly owned by a discretionary family trust, of which Mr. Zhang Lei, his family members and certain other individuals are beneficiaries
“Super Land Master Property Management Agreement”	the master property management agreement dated September 28, 2020 entered into between the Company and Super Land, details of which are set out in the Prospectus
“%”	per cent

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

Hong Kong, June 28, 2022

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