

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult a stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **First Service Holding Limited**, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser(s) or transferee(s).

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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
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the
Independent Board Committee and Independent Shareholders**

ALTUS CAPITAL LIMITED

A notice convening the EGM of First Service Holding Limited to be held at the 3rd Floor, Building 10, Wanguocheng MOMA, No. 1 Xiangheyuan Road, Dongzhimenwai, Dongcheng District, Beijing, PRC on Tuesday, August 30, 2022 at 3:00 p.m. is set out on pages 39 to 40 of this circular. A form of proxy for use at the EGM is enclosed. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.firstservice.hk). Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (and with effect from August 15, 2022, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong) as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM (i.e. before 3:00 p.m. on Sunday, August 28, 2022) or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM (or any adjournment thereof) if they so wish.

PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

Please refer to page 1 of this circular for the measures to be implemented at the EGM for the prevention and control of the spread of the 2019 Novel Coronavirus Disease (COVID-19), including but not limited to:

- compulsory body temperature check;
- compulsory wearing of surgical face mask (there is no available mask at the venue) at the venue of, and throughout, the EGM;
- allocation of designated seats for each attendee at the venue of the EGM; and
- no distribution of gifts and no serving of refreshments, foods or drinks.

For the safety of attendees at the EGM, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue, if such person:

- (i) refuses to comply with any of the above precautionary measures;
- (ii) has a body temperature of over 37.3 degrees Celsius; and
- (iii) has any flu-like symptoms or is otherwise unwell.

In response to the development of the COVID-19 and regulations or guidelines of relevant competent authorities, the Company will publish further latest arrangements for the EGM at the websites of the Company (www.firstservice.hk) and the Stock Exchange (www.hkexnews.hk) as and when appropriate.

The Company wishes to remind Shareholders that they may appoint the chairman of the meeting as their proxy to vote on the relevant resolution at the EGM as an alternative to attending the EGM in person.

August 11, 2022

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PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

In view of the ongoing novel coronavirus (COVID-19) pandemic and recent requirements for prevention and control of its spread, the Company will implement the following precautionary measures at the EGM to protect the health and safety of its Shareholders, staff and other stakeholders who attend the EGM:

- (i) Compulsory body temperature checks will be conducted on each attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.3 degrees Celsius will be denied entry into the EGM venue or be required to leave the EGM venue;
- (ii) Any person who has any flu-like symptoms or is otherwise unwell will be denied entry into the EGM venue or be required to leave the EGM venue;
- (iii) All attendees are required to wear surgical face mask at the venue of, and throughout, the EGM (including the time when queuing outside the EGM venue for registration and during the EGM), and there is no available mask at the venue;
- (iv) Designated seats will be allocated to each attendee to ensure proper social distance and for the convenience of tracking contact; and
- (v) No refreshments, foods or drinks will be served on attendees, and there will be no gifts.

To the extent permitted under law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the health and safety of the attendees at the EGM.

For the health and safety of all stakeholders, the Company wishes to remind Shareholders that physical attendance at the EGM is not necessary for the purpose of exercising their voting rights. As an alternative, Shareholders may submit proxy forms with voting instructions inserted and appoint the chairman of the meeting as their proxy to vote on the relevant resolution at the EGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof, should you so wish. In such event, the submitted proxy form will be deemed to be revoked.

If you are not a registered Shareholder whose Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited, you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

In response to the development of the COVID-19 and regulations or guidelines of relevant competent authorities, the Company will publish further latest arrangements for the EGM at the websites of the Company (www.firstservice.hk) and the Stock Exchange (www.hkexnews.hk) as and when appropriate.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“30%-controlled companies”	has the meaning ascribed to it under the Listing Rules
“Articles of Association”	the third amended and restated articles of association of the Company adopted on June 21, 2022 (as amended from time to time)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China
“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 the Company to be held at the 3rd Floor, Building 10, Wanguocheng MOMA, No. 1 Xiangheyuan Road, Dongzhimenwai, Dongcheng District, Beijing, PRC on Tuesday, August 30, 2022 at 3:00 p.m. or any adjournment thereof and notice of which is set out on pages 39 to 40 of this circular
“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

DEFINITIONS

“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 Property Management Agreement”	the master property management agreement dated June 28, 2022 entered into between the Company and First Assets
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hao Fung”	Hao Fung Investment Limited (皓峰投資有限公司), a BVI business company incorporated in the British Virgin Islands 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

DEFINITIONS

“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
“Latest Practicable Date”	August 5, 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Long Han Management”	Long Han Management Limited (龙哈管理有限公司), a BVI business company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Long Han
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“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 of 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 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 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

DEFINITIONS

“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
“Prospectus”	the prospectus of the Company dated October 12, 2020
“Reorganization”	the reorganization of Modern Investment
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented from time to time
“Share(s)”	the ordinary shares in the capital of the Company with a par value of US\$0.0000002 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Super Land”	Super Land Holdings Limited, a BVI business company incorporated in the British Virgin Islands 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

References to time and dates in this circular are to Hong Kong time and dates.

LETTER FROM THE BOARD

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)

Executive Directors:

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

Registered Office:

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

Non-executive Directors:

Mr. Zhang Peng (張鵬) (*Chairman of the Board*)
Mr. Long Han (龍晗)

Headquarters in China:

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

Independent Non-executive Directors:

Ms. Sun Jing (孫靜)
Mr. Cheng Peng (程鵬)
Mr. Chen Sheng (陳晟)

Principal Place of Business in Hong Kong:

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

August 11, 2022

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated June 28, 2022 in relation to, among other things, the transactions contemplated under the First Assets Master Property Management Agreement and the proposed cap in relation thereto.

LETTER FROM THE BOARD

The purpose of this circular is to give you the notice of the EGM and to provide Shareholders with, among other things, (i) details of the transactions contemplated under the First Assets Master Property Management Agreement and the proposed cap in relation thereto, (ii) a letter from the IFA containing its advice to the Independent Board Committee and the Independent Shareholders on the transactions contemplated under the First Assets Master Property Management Agreement and the proposed cap in relation thereto, (iii) the recommendations of the Independent Board Committee regarding the transactions contemplated under the First Assets Master Property Management Agreement and the proposed cap in relation thereto, (iv) general information of the Company, and (v) a notice for convening the EGM.

THE FIRST ASSETS MASTER PROPERTY MANAGEMENT AGREEMENT

The salient terms of the First Assets Master Property Management Agreement are summarized below:

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

- Historical transaction amounts : The historical transaction amounts incurred under (i) the Modern Investment Master Property Management Agreement (namely, the transactions between the Group and Modern Investment Group which the then First Assets Group formed part) for the year ended December 31, 2020 and the ten months ended October 31, 2021 amounted to RMB12.9 million and RMB7.2 million, respectively, and (ii) 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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF ENTERING INTO THE FIRST ASSETS MASTER PROPERTY MANAGEMENT AGREEMENT

The Group has been carrying on transactions with the Modern Investment Group (which the then First Assets Group formed part) pursuant to the Modern Investment Master Property Management Agreement 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 First Assets Property Management 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 First Assets Master Property Management Agreement will enable the Group to leverage on First Asset's familiarity with the Group's service specifications and quality requirements from the previous transactions in relation to the Modern Investment Master Property Management Agreement since the Group's Listing. Furthermore, the First Assets Master Property Management Agreement will continue to allow the Group to provide and/or procure 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.

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.

LETTER FROM THE BOARD

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 First Assets Master Property Management Agreement and the annual cap 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 First Assets Master Property Management Agreement 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;

LETTER FROM THE BOARD

- (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 First Assets Master Property Management Agreement, and (ii) monitor the amounts under the continuing connected transactions contemplated under the First Assets Master Property Management Agreement to ensure that the annual cap are not exceeded; and
- (8) if it is expected that the transaction amount of any continuing connected transaction under the First Assets Master Property Management Agreement 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 cap of the transactions contemplated under the First Assets Master Property Management Agreement.

The Company's external auditor will review the continuing connected transactions under the First Assets Master Property Management Agreement annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the annual cap have been exceeded. The independent non-executive Directors will also review the continuing connected transactions under the First Assets Master Property Management Agreement 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 RULE IMPLICATIONS

Subsequent to the Reorganization and as at the Latest Practicable Date, 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 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.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, August 25, 2022 to Tuesday, August 30, 2022 (both days inclusive), during which period no transfer of Shares will be registered. The record date is Tuesday, August 30, 2022. To be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates and the duly completed and signed transfer forms must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (and with effect from August 15, 2022, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong) not later than 4:30 p.m. on Wednesday, August 24, 2022.

THE EGM

The notice of the EGM is set out on pages 39 to 40 of this circular, including the ordinary resolution to be proposed to seek the Shareholders' consideration and approval for the transactions contemplated under the First Assets Master Property Management Agreement and the proposed cap in relation thereto.

A form of proxy for use at the EGM is enclosed with the notice of the EGM. The form of proxy is also available on the website of the Stock Exchange (www.hkexnews.hk). Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (and with effect from August 15, 2022, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong), as soon as possible, but in any event no later than 48 hours before the time appointed for the EGM or any adjournment thereof (i.e. before 3:00 p.m. on Sunday, August 28, 2022). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM, should you so wish. In such event, the submitted proxy form will be deemed to be revoked.

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 Latest Practicable Date, (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 Latest Practicable Date. In accordance with the Listing Rules, Mr. Zhang Peng, Mr. Long Han, their respective associates

LETTER FROM THE BOARD

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.

VOTING BY POLL

Save as disclosed above, to the best of the knowledge and information of the Directors, after having made all reasonable enquiries, no Shareholders have a material interest in the resolution proposed at the EGM. Accordingly, none of the Independent Shareholders are required to abstain from voting on the resolution.

Pursuant to Rule 13.39(4) of the Listing Rules and Article 13.5 of the Articles of Association, the resolution to be proposed at the EGM shall be put to a vote on a poll unless the chairman of the meeting, in good faith, allows a vote by show of hands on a resolution which relates purely to a procedural or administrative matter.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by a duly authorised representative shall be entitled to one vote for each Share held by him. The Shareholders with more than one vote are not required to cast all their votes or vote in the same way.

DIRECTORS' VIEWS

The Directors (excluding all the independent non-executive Directors whose views are given after taking into account the advice from the IFA and set out in the letter from the Independent Board Committee on pages 17 to 18 of this circular) 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 independent non-executive Directors will form their views in respect of the proposed annual cap for the First Assets Master Property Management Agreement after receiving advice from the IFA.

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 resolution approving the First Assets Master Property Management Agreement.

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 First Assets Master Property Management Agreement or are required to abstain from voting on the Board resolution approving the transactions in relation to the First Assets Master Property Management Agreement.

LETTER FROM THE BOARD

RECOMMENDATIONS

Altus Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the transactions contemplated under the First Assets Master Property Management Agreement and the proposed cap in relation thereto. A letter from the IFA is set out on pages 19 to 32 of this circular.

The Independent Board Committee, having taken into account the advice of the IFA, considers that the First Assets Master Property Management Agreement has been entered into in the ordinary and usual course of business of the Group, is on normal commercial terms, is fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and its Shareholders as a whole, and that the proposed annual cap are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and its Shareholders as a whole. Accordingly, the Independent Board Committee recommends that Independent Shareholders vote in favour of the ordinary resolution in respect of the First Assets Master Property Management Agreement to be proposed at the EGM to approve the First Assets Master Property Management Agreement and the proposed annual cap, as detailed in the notice of the EGM set out on pages 39 and 40 of this circular. The text of the letter from the Independent Board Committee is set out on pages 17 to 18 of this circular.

The Board (including the independent non-executive Directors whose views have been set out in this circular after taking into consideration the advice of the IFA) is of the view that 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 consider that the proposed resolution to approve the First Assets Master Property Management Agreement and the proposed cap in relation thereto is in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM.

FURTHER INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee set out on pages 17 to 18 of this circular, the letter from the IFA to the Independent Board Committee and the Independent Shareholders set out on pages 19 to 32 of this circular, the additional information as set out in the appendix to this circular and the notice of the EGM.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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)

August 11, 2022

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated August 11, 2022 (the “**Circular**”) issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider and to advise the Independent Shareholders on the terms of the transactions contemplated under the First Assets Master Property Management Agreement and the proposed cap in relation thereto as set out in the Circular as to the fairness and reasonableness and to recommend whether or not the Independent Shareholders should approve the transactions contemplated under the First Assets Master Property Management Agreement and the proposed cap in relation thereto as set out in the Circular. Altus Capital Limited has been appointed as the IFA to provide advice and recommendations to the Independent Board Committee and the Independent Shareholders in this regard. Details of the independent advice of the IFA, together with the principal factors and reasons the IFA has taken into consideration, are set out in pages 19 to 32 of the Circular.

We wish to draw your attention to the Letter from the Board and the Letter from the IFA to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the transactions contemplated under the First Assets Master Property Management Agreement and the proposed cap in relation thereto. Your attention is also drawn to the additional information set out in the appendix to the Circular.

Having considered the terms of the transactions contemplated under the First Assets Master Property Management Agreement and the proposed cap in relation thereto, the advice and recommendations of the IFA and the relevant information contained in the Letter from the Board, we are of the view that: (i) the First Assets Master Property Management Agreement is entered into in the ordinary and usual course of business of the Company, on normal commercial terms, which are fair and reasonable and in the interest of the Company and the Shareholders as a whole; and (ii) the proposed annual cap in relation thereto are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution at the EGM so as to approve the transactions contemplated under the First Assets Master Property Management Agreement and the proposed cap in relation thereto.

Yours faithfully,
The Independent Board Committee of
First Service Holding Limited

Sun Jing
*Independent Non-executive
Director*

Cheng Peng
*Independent Non-executive
Director*

Chen Sheng
*Independent Non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Altus Capital Limited, the IFA to the Independent Board Committee and the Independent Shareholders on the transactions contemplated under the First Assets Master Property Management Agreement and the proposed cap in relation thereto, which have been prepared for the purpose of incorporation in this circular.

ALTUS

Altus Capital Limited
21 Wing Wo Street
Central, Hong Kong

August 11, 2022

To the Independent Board Committee and the Independent Shareholders

First Service Holding Limited

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

Dear Sirs and Madams,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the IFA to advise the Independent Board Committee and the Independent Shareholders on the transactions contemplated under the First Assets Master Property Management Agreement and the proposed cap in relation thereto. Details of the First Assets Master Property Management Agreement are set out in the “Letter from the Board” contained in the circular of the Company dated August 11, 2022 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

The Group has been carrying on transactions with the Modern Investment Group (which the then First Assets Group formed part) pursuant to the Modern Investment Master Property Management Agreement which constituted 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 had 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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Group thought that the First Assets Group was still part of the Modern Investment Group and thus, the transactions between the Group and the First Assets Group were covered under the Existing First Assets Property Management Agreements.

As a continuation of the transactions between the Group and the First Assets Group, on June 28, 2022, the Company entered into the First Assets Master Property Management Agreement with First Assets. 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.

LISTING RULES IMPLICATIONS

Subsequent to the Reorganization and as at the Latest Practicable Date, 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 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.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the transactions contemplated under the First Assets Master Property Management Agreement and the proposed cap in relation thereto as set out in the Circular as to the fairness and reasonableness and to recommend whether or not the Independent Shareholders should approve the transactions contemplated under the First Assets Master Property Management Agreement and the proposed cap in relation thereto as set out in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT FINANCIAL ADVISER

As the IFA, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders on the transactions contemplated under the First Assets Master Property Management Agreement and the proposed cap in relation thereto.

We have not acted as the independent financial adviser or financial adviser in relation to any transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on transactions contemplated under the First Assets Master Property Management Agreement and the proposed cap in relation thereto is at market level and not conditional upon successful passing of the resolution, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company, its controlling shareholder(s) or connected person(s).

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the First Assets Master Property Management Agreement; (ii) the annual report of the Company for the year ended December 31, 2021 (the “**2021 Annual Report**”); and (iii) other information as set out in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and will continue to be so up to the date of the EGM. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading.

We consider that we have been provided with, and have reviewed, sufficient information to reach an informed view and provide a reasonable basis for our opinion. We have not, however, conducted an independent investigation into the business, financial conditions and affairs or future prospects of the Group. The Company will notify the Shareholders of any material change after the Latest Practicable Date and after the despatch of the Circular.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background

1.1 Principal businesses of the Group and First Assets

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 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.

1.2 Financial information of the Group

Set out below is a table summarising the key financial information of the Group extracted from the 2021 Annual Report.

Extract of consolidated income statement

	For the year ended December 31	
	2020	2021
	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(audited)</i>
Revenue	775,367	1,119,869
<i>Property management services</i>	321,649	611,076
<i>Green living solutions</i>	204,608	208,400
<i>Value-added services</i>	261,437	312,878
<i>Elimination of inter-segment revenue</i>	(12,327)	(12,485)
Gross profit	267,510	335,363
Profit for the year	99,603	33,609

Revenue of the Group increased by approximately 44.4% from approximately RMB775.4 million for the year ended December 31, 2020 to approximately RMB1,119.9 million for the year ended December 31, 2021 primarily due to the increase in revenue attributable to provision of property management services.

The Group's property management services consist of cleaning, security, gardening and repair and maintenance services provided to property developers, property owners and residents. Revenue from its property management services increased by approximately 90.0% from approximately RMB321.6 million for the year ended December 31, 2020 to approximately RMB611.1 million for the year ended December 31, 2021. This increase was primarily attributable to the increase

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

in the GFA under management of the Group of approximately 172.9% from 19.1 million sq.m. as of December 31, 2020 to 52.1 million sq.m. as of December 31, 2021, mainly resulting from the significant increase in the number of property management projects sourced from Independent Third Parties, from 52 as of December 31, 2020 to 383 as of December 31, 2021. Percentage of GFA under management from Independent Third Parties to total GFA under management of the Group increased from approximately 37.8% as at December 31, 2020 to approximately 72.7% as at December 31, 2021, demonstrating a decrease in reliance in the Modern Investment Group.

The revenue of the Group generated from the Group's green living solutions remained relatively stable at approximately RMB204.6 million for the year ended December 31, 2020 and approximately RMB208.4 million for the year ended December 31, 2021.

The revenue of the Group generated from value-added services increased slightly from approximately RMB261.4 million for the year ended December 31, 2020 to approximately RMB312.9 million for the year ended December 31, 2021 mainly due to the increase in GFA under management of the Group as elaborated above.

The Group's gross profit increased from approximately RMB267.5 million for the year ended December 31, 2020 to approximately RMB335.4 million for the year ended December 31, 2021, representing an increase of approximately 25.4%. This was mainly driven by the increase in revenue of the Group. Gross profit margin decreased from approximately 34.5% for the year ended December 31, 2020 to approximately 29.9% for the year ended December 31, 2021. The slight decrease was mainly attributable to an increase in number of property management projects for public properties, which typically have a lower gross profit margin.

The profit of the Group for the year ended December 31, 2021 amounted to approximately RMB33.6 million, which represented a decrease of approximately 66.3% from the profit for the year ended December 31, 2020 of approximately RMB99.6 million. The decrease in profit despite an increase in revenue and gross profit was mainly due to a significant increase in expected credit loss on trade receivables and contract assets from approximately RMB10.2 million for the year ended December 31, 2020 to approximately RMB113.1 million for the year ended December 31, 2021. The increase was primarily due to the recognition of the expected credit loss allowances for certain receivables due from customers from real estate sector as a result of the general downturn of the real estate market in the PRC in the second half of 2021.

1.3 Outlook of the Group

The Group's mission is to provide customers with digitally connected, green and healthy living experiences. To this end, the Group will (i) continue to expand the scale of its property management business; (ii) actively explore the new track of smart city service; (iii) leverage on AI platform to explore energy operation and maintenance market; (iv) develop intelligent community and upgrade information technology systems; (v) continue to research and develop green technologies for commercialisation; and (vi) attract and nurture talent and build a learning organisation.

In particular, for property management business, the Group will continue to strive to expand its market share and enhance its brand awareness. The Group will divide existing management cities according to market expansion resources, and focus on core cities. Meanwhile, for the existing property service centers, the Group will implement its district-based control plan and take key property projects as the core to radiate the surrounding areas and pull incremental resources into the market. In addition, the Group will strengthen its post-investment project management and empower its acquisitions such as Dalian Yahang Property Management Co., Ltd. and Qingdao Luohang Enterprises Management Co., Ltd. efficiently to give full play to the synergy effect. While enhancing its expansion capabilities, the Group is also gearing up to build professional, standardised, and digitalised comprehensive service capabilities with an aim to continuously gain customer recognition and explore more customer needs.

1.4 The Modern Investment Master Property Management Agreement and the Existing First Assets Property Management Agreements

The Group has been carrying on transactions with the Modern Investment Group (which the then First Assets Group formed part) pursuant to the Modern Investment Master Property Management Agreement which constituted 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 had 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 the First Assets Group were still part of the Modern Investment Group and thus, the transactions between the Group and the First Assets Group were covered under the Existing First Assets Property Management Agreements.

As the First Assets Group is no longer part of the Modern Investment Group, transactions between the Group and the First Assets Group should be covered by the newly entered First Assets Master Property Management Agreement.

2. The First Assets Master Property Management Agreement

2.1 Reasons for and benefits of the First Assets Master Property Management Agreement

As explained above, the First Assets Master Property Management Agreement is essentially a continuation of the transactions between the Group and the First Assets Group which was previously covered under the Modern Investment Master Property Management Agreement and the Existing First Assets Property Management Agreements.

In addition, the Group has been working with First Assets since September 28, 2020 under the Modern Investment Master Property Management Agreement, through which the Group is able to leverage on First Assets' familiarity with the Group's product specifications and quality requirements from the previous transactions.

We have reviewed both the Modern Investment Master Property Management Agreement and the First Assets Master Property Management Agreement, and we noted the terms and pricing policies of the First Assets Master Property Management Agreement and the Modern Investment Master Property Management Agreement are the same. As the Group has established communication channels with First Assets and understand the requirements of First Assets through collaboration in past transactions, it is therefore believed that the continuous cooperation between the Group and the First Assets Group can foster growth of the Group in a cost effective manner. Given the above, the Group will therefore be able to respond to the various requests and tailor its property management services more efficiently and responsively than other new customers of the Group, thereby maintaining the Group's costs control and improving efficiency.

Having considered the above reasons, we concur with the Management's view that the entering into of the First Assets Master Property Management Agreement is in the ordinary and usual course of business of the Group, and is fair and reasonable and in the interests of the Company and Shareholders as a whole.

2.2 Key terms

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. For details of the terms of the First Assets Master Property Management Agreement, please refer to the paragraph headed "The First Assets Master Property Management Agreement" set out in the "Letter from the Board" of the Circular.

2.3 Pricing Policy

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

will set out specific terms and conditions such as the type of management services required, management fees and service period. We understand that the Group adopts the following pricing policies in respect of the transactions with the First Assets Group:

- (a) 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.
- (b) Members of the Group will be engaged by members of the First Assets Group through standard tender bidding procedures in accordance to the relevant PRC laws and regulations, with fee quotes set out in the tender documents.
- (c) The management fees will be determined by 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 to the Group than those of the same type of property management services offered to an Independent Third Party.

Accordingly, we have reviewed and compared the terms and pricing policies of the agreements in respect of the property management services entered into between (i) the Group and the First Assets Group; and (ii) the Group and the Independent Third Parties. Set out below is the summary of our review.

In assessing the fairness and reasonableness of the pricing policies of the property management services, we have reviewed the pricing policies as described under the section headed "The First Assets Property Management Agreement" of the Circular, have had discussion with the Management and reviewed property management agreements entered into between the Group and the Independent Third Parties to the Group in relation to comparable property management services. We noticed from such agreements with the Independent Third Parties that the terms set out in the First Assets Master Property Management Agreement are comparable those of set out in the property management agreements with the Independent Third Parties for similar property management services. As such, we are of the view that the transactions contemplated under the First Assets Master Property Management Agreement are on normal

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

commercial terms and are fair and reasonable. In addition, we have obtained the full list of transactions between the Group and the First Assets Group for the two years ended December 31, 2021 and for the five months ended May 31, 2022. We have selected sample walk-through documents (including signed engagement letters and payment records and/or comparable property management agreement signed with the Independent Third Parties and costs of management services) of the top five transactions by transaction amount for each of the two years ended December 31, 2021 and for the five months ended May 31, 2022 for the property management services entered into between the Group and the First Assets Group. Given the transaction amount of the top five transactions already represented majority of total transaction amounts for each of the two years ended December 31, 2021 and for the five months ended May 31, 2022, we believe the above mentioned sample walk-through documents are fair and representative samples. We noted from the sample walk-through documents (as described above) that the major terms and pricing policy under the First Assets Master Property Management Agreement had been consistently adhered to during the two years ended December 31, 2021 and the five months ended May 31, 2022.

Taking into account the above, we are of the view that the pricing policy and mechanism for the property management services under the First Assets Property Management Agreement are on normal commercial terms and are fair and reasonable.

In view of the above, we are of the view that the terms of the First Assets Master Property Agreements are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole.

2.4 The proposed cap

Review of the historical annual caps and transaction amounts

The table below sets forth the existing annual caps and the historical transaction amounts for the transactions contemplated under the Modern Investment Master Property Management Agreement and the Existing First Assets Property Management Agreements for the two years ended December 31, 2020 and 2021.

	For the year ended December 31	
	2020	2021
	<i>(RMB million)</i>	<i>(RMB million)</i>
Existing annual caps	20.0	23.0
Transaction amount	12.9	8.4 <i>(Note)</i>
Utilisation rate	64.5%	36.5%

Note: Such amount includes the historical transaction amounts under the Modern Investment Master Property Management Agreement for the ten months ended October 31, 2021 of approximately RMB7.2 million, and the historical transaction amount under the Existing First Assets Property Management Agreements for the two months ended December 31, 2021 of approximately RMB1.2 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group utilised approximately 64.5% and 36.5% of the existing annual caps for the year ended December 31, 2020 and 2021 under the Modern Investment Master Property Management Agreement and the Existing First Assets Property Management Agreements. As advised by the Management, the existing annual caps were not fully utilised mainly due to the impact of the national policies on the education industry and the outbreak of Covid-19 since the beginning of 2020, which created uncertainty to economic environment of the related industries. As a result, the Modern Investment Group and the First Assets Group did not engage the Group for more property management services as expected, which led to the GFA under management by the Group under the Modern Investment Master Property Management Agreement and the Existing First Assets Property Management Agreement being lower than expected.

Proposed annual cap

As stated in the “Letter from the Board” to the Circular, the proposed 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 during the year ended December 31, 2022 will be accounted to the proposed annual cap under the First Assets Master Property Management Agreement.

As advised by the Management, the proposed annual cap in respect of the transaction contemplated under the First Assets Master Property Management Agreement for the year ending December 31, 2022 has been determined based on (i) the historical transaction amounts of the property management contracts that the Group had entered into with the First Assets Group of approximately RMB2.2 million during the five months ended May 31, 2022; (ii) the expected transaction amounts of the property management contracts that the Group had entered into with the First Assets Group as at the date hereof of approximately RMB3.0 million for the remaining seven months ending December 31, 2022; and (iii) the expected transaction amounts of further property management contracts that the Group expects to enter into with the First Assets Group of approximately RMB3.8 million for the year ending December 31, 2022.

(i) Historical transaction amounts for the five months ended May 31, 2022

To assess the reasonableness of the proposed annual cap, we have reviewed the full list and breakdown of the historical property management contracts the Group had entered into with the First Assets Group during the five months ended May 31, 2022 and noted such total transaction amounts amounted to approximately RMB2.2 million. As described in the paragraph headed “Listing Rules implications” set out in the section headed “First Assets Master Property Management Agreement” of the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Circular, the transactions incurred under the Existing First Assets Property Management Agreements during the five months ended May 31, 2022, on a standalone basis, constituted de minimis transactions pursuant to Rule 14A.76 of the Listing Rules and were fully exempted from Independent Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules. Further, we have selected and obtained the sample walk-through documents (i.e. signed engagement letters and payment records) for the top five transactions by amount of such contracts entered into between the Group and the First Assets Group during the five months ended May 31, 2022. We noted the management fees set out under the sample walk-through documents are in-line with the amounts set out in the full list and breakdown mentioned above.

- (ii) Expected transaction amounts of the property management contracts that the Group had entered into with the First Assets Group for the remaining seven months ending December 31, 2022

In addition, we have reviewed the full list and breakdown of the property management contracts the Group had entered into with the First Assets Group as at the date hereof and noted the total transaction amounts will amount to approximately RMB3.0 million for the remaining seven months ending December 31, 2022. In this connection, we have further selected and obtained the sample walk-through documents (i.e. signed engagement letters and quotations) for the top five transactions by amount of such contracts entered into between the Group and the First Assets Group for the year ending December 31, 2022. We noted the management fees set out under the sample walk-through documents are in-line with the amounts set out in the full list and breakdown mentioned above.

- (iii) the expected transaction amounts of further property management contracts that the Group expects to enter into with the First Assets Group for the year ending December 31, 2022

We have also reviewed the full list and breakdown of the expected property management contracts that members of the Group expect to further enter into with members of the First Assets Group. We noted the expected transaction amounts would be approximately RMB3.8 million for the year ending December 31, 2022. We have further selected and obtained the supporting documents (i.e. email correspondence with members of the First Assets Group) for the top five transactions by amount of the expected transactions to be entered into between the Group and the First Assets Group for the year ending December 31, 2022. We noted that the management fees set out under the supporting documents are in-line with our understandings from the Management.

Given that each of the aforesaid items has been fairly and reasonably arrived at, we consider that the proposed annual cap has been fairly and reasonably determined.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shareholders should note that the proposed annual cap represent an estimate based on information currently available and that the actual utilisation and sufficiency of the proposed annual cap would depend on a number of factors, including but not limited to, the actual demand of the Group's property management services. The proposed annual cap has no director relationship to, nor should be taken to have any direct bearing on, the Group's financial or potential financial performance.

3. 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 First Assets Master Property Management Agreement and the annual cap 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);

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (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 First Assets Master Property Management Agreement 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 First Assets Master Property Management Agreement, and (ii) monitor the amounts under the continuing connected transactions contemplated under the First Assets Master Property Management Agreement to ensure that the annual cap are not exceeded; and
- (8) if it is expected that the transaction amount of any continuing connected transaction under the First Assets Master Property Management Agreement 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).

We have reviewed the enhanced internal control measures and discussed with the Management. Considering the previous incident which arose due to the Reorganization, the Management believes, and we concur, that the enhanced internal control measures is adequate and sufficient to prevent any incidents of similar nature from happening again.

Furthermore, we also noted that above internal control measures will also be adopted to comply with the Listing Rules in relation to the annual cap of the transactions contemplated under the First Assets Master Property Management Agreement. The Company's external auditor will review the continuing connected transactions under the First Assets Master Property Management Agreement annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the annual cap have been exceeded. The independent non-executive Directors will also review the continuing connected transactions under the First Assets Master Property Management Agreement 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.

In view of the above, the management believes, and we concur, that the internal controls relating to the First Assets Master Property Management Agreement are adequate and effective.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above principal factors, we are of the view that (i) the terms and conditions of the transactions contemplated under the First Assets Master Property Management Agreement are on normal commercial terms and are fair and reasonable; (ii) the proposed annual cap under the First Assets Master Property Management Agreement has been fairly and reasonably arrived at; and (iii) the transactions contemplated under the First Assets Master Property Management Agreement will be conducted in the ordinary and usual course of business of the Company and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution at the EGM.

Yours faithfully,
For and behalf of
Altus Capital Limited

Chang Sean Pey
Executive Director

Leo Tam
Executive Director

*Mr. Chang Sean Pey (“**Mr. Chang**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 25 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

*Mr. Leo Tam (“**Mr. Tam**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. He has over seven years of experience in corporate finance and advisory in Hong Kong, in particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions. Mr. Tam is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interest in the Company

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

Name of Director	Nature of interest	Number of Shares held ⁽⁶⁾	Approximate percentage of shareholding interest ⁽¹⁾
Zhang Peng ⁽⁵⁾	Beneficial owner	8,225,000	0.82%
	Interest in controlled corporation ⁽²⁾	170,777,250	17.08%
Liu Peiqing	Beneficial owner	310,000	0.03%
	Interest in controlled corporation ⁽³⁾	10,988,750	1.10%
Long Han	Interest in controlled corporation ⁽⁴⁾	10,511,250	1.05%
Zhu Li	Beneficial owner	676,155	0.07%
Jia Yan	Beneficial owner	4,499,977	0.45%
Jin Chungang	Beneficial owner	1,007,282	0.10%

Notes:

- (1) The percentage represents the number of ordinary Shares interested divided by the number of the Company's issued Shares as at the Latest Practicable Date.
- (2) The Shares are registered under the name of Hao Fung, which is wholly owned by Mr. Zhang Peng. Accordingly, Mr. Zhang Peng is deemed to be interested in all the Shares held by Hao Fung.

- (3) The Shares are registered under the name of Liu Pei Qing Management Limited, which is wholly owned by Mr. Liu Peiqing. Accordingly, Mr. Liu Peiqing is deemed to be interested in all the Shares held by Liu Pei Qing Management Limited.
- (4) The Shares are registered under the name of Long Han Management, which is wholly owned by Mr. Long Han. Accordingly, Mr. Long Han is deemed to be interested in all the Shares held by Long Han Management.
- (5) Mr. Zhang Peng, together with Mr. Zhang Lei, being parties acting in concert, were interested in 513,929,000 Shares, representing approximately 51.39% of the number of the Company's issued Shares as at the Latest Practicable Date.
- (6) All interests stated are long positions.

(b) Interest in associated corporations of the Company

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

Note:

- (1) 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)) (“**First Living**”) is a non-wholly owned subsidiary of the Company and thus an associated corporation of the Company.

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

(c) Substantial Shareholders' interests and short positions in Shares and underlying Shares

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

Name of Shareholder	Nature of interest	Number of Shares⁽⁸⁾	Approximate percentage of shareholding interest⁽¹⁾
Zhang Lei ⁽²⁾	Interest in controlled corporation	334,926,750	33.49%
Yu Jinmei ⁽³⁾	Interest of spouse	334,926,750	33.49%
Glorious Group ⁽²⁾	Beneficial owner	334,926,750	33.49%
Wang Yujuan ⁽⁴⁾	Interest of spouse	179,002,250	17.90%
Hao Fung ⁽⁵⁾	Beneficial owner	170,777,250	17.08%
CDH Griffin ⁽⁶⁾	Interest in controlled corporation	86,424,000	8.64%
East Oak ⁽⁶⁾	Interest in controlled corporation	86,424,000	8.64%
Access Star ⁽⁶⁾	Interest in controlled corporation	86,424,000	8.64%
Ningbo Huiyong ⁽⁶⁾	Interest in controlled corporation	86,424,000	8.64%
Ningbo Chunyong ⁽⁶⁾	Interest in controlled corporation	86,424,000	8.64%
Ningbo Runyong ⁽⁶⁾	Interest in controlled corporation	86,424,000	8.64%
Ningbo Weijun ⁽⁶⁾	Interest in controlled corporation	86,424,000	8.64%
Ningbo Xubo ⁽⁶⁾	Interest in controlled corporation	86,424,000	8.64%
Ningbo Penghui ⁽⁶⁾	Interest in controlled corporation	86,424,000	8.64%
Tianjin Haoyong ⁽⁶⁾	Interest in controlled corporation	86,424,000	8.64%
Tianjin Weiyuan ⁽⁶⁾	Interest in controlled corporation	86,424,000	8.64%
Tianjin Taiding ⁽⁶⁾	Interest in controlled corporation	86,424,000	8.64%
Dinghui Investment ⁽⁶⁾	Interest in controlled corporation	86,424,000	8.64%

Name of Shareholder	Nature of interest	Number of Shares ⁽⁸⁾	Approximate percentage of shareholding interest ⁽¹⁾
Shanghai CDH Yaojia ⁽⁶⁾	Beneficial owner	86,424,000	8.64%
Hangzhou Dinghui ⁽⁷⁾	Interest in controlled corporation	86,424,000	8.64%
UBS Group AG	Interest in controlled corporation	50,950,085	5.10%

Notes:

- (1) The percentage represents the number of ordinary Shares interested divided by the number of the Company's issued Shares as at the Latest Practicable Date.
- (2) Glorious Group Holdings Limited (世家集团控股有限公司) (“**Glorious Group**”) is wholly owned by Mr. Zhang Lei. Therefore, Mr. Zhang Lei is deemed under the SFO to be interested in 334,926,750 Shares held by Glorious Group as at the Latest Practicable Date.
- (3) Ms. Yu Jinmei, the spouse of Mr. Zhang Lei, is deemed under the SFO to be interested in these 334,926,750 Shares in which Mr. Zhang Lei is deemed to be interested.
- (4) Ms. Wang Yujuan, the spouse of Mr. Zhang Peng, is deemed under the SFO to be interested in these 179,002,250 Shares in which Mr. Zhang Peng is deemed to be interested.
- (5) Hao Fung is wholly owned by Mr. Zhang Peng. Therefore, Mr. Zhang Peng is deemed under the SFO to be interested in these 170,777,250 Shares held by Hao Fung.
- (6) Dinghui Equity Investment Management (Tianjin) Company Limited (鼎暉股權投資管理(天津)有限公司) (“**Dinghui Investment**”) is the general partner of Shanghai CDH Yaojia Venture Capital Center (Limited Partnership) (上海鼎暉耀家創業投資中心(有限合夥)) (“**Shanghai CDH Yaojia**”). Dinghui Investment is owned as to 85.4% by Tianjin Taiding Investment Co., Ltd. (天津泰鼎投資有限公司) (“**Tianjin Taiding**”). Tianjin Taiding is owned as to 45% and 55% by Tianjin Weiyuan Investment Management Co., Ltd. (天津維遠投資管理有限公司) (“**Tianjin Weiyuan**”) and Tianjin Haoyong Investment Management Co., Ltd. (天津浩永投資管理有限公司) (“**Tianjin Haoyong**”), respectively. Tianjin Weiyuan is wholly owned by Ningbo Economic and Technological Development Zone Penghui Investment Consulting Co., Ltd. (寧波經濟技術開發區鵬暉投資諮詢有限公司) (“**Ningbo Penghui**”). Ningbo Penghui is wholly owned by Ningbo Economic and Technological Development Zone Xubo Investment Consulting Co., Ltd. (寧波經濟技術開發區旭博投資諮詢有限公司) (“**Ningbo Xubo**”). Ningbo Xubo is wholly owned by Ningbo Economic and Technological Development Zone Weijun Investment Consulting Co., Ltd. (寧波經濟技術開發區維均投資諮詢有限公司) (“**Ningbo Weijun**”). Ningbo Weijun is wholly owned by Access Star Company Limited (“**Access Star**”). Tianjin Haoyong is wholly owned by Ningbo Economic and Technological Development Zone Runyong Investment Consulting Co., Ltd. (寧波經濟技術開發區潤永投資諮詢有限公司) (“**Ningbo Runyong**”). Ningbo Runyong is wholly owned by Ningbo Economic and Technological Development Zone Chunyong Investment Consulting Co., Ltd. (寧波經濟技術開發區淳永投資諮詢有限公司) (“**Ningbo Chunyong**”). Ningbo Chunyong is wholly owned by Ningbo Economic and Technological Development Zone Huiyong Investment Consulting Co., Ltd. (寧波經濟技術開發區匯永投資諮詢有限公司) (“**Ningbo Huiyong**”), which is wholly owned by East Oak Company Limited (“**East Oak**”). Each of Access Star and East Oak is owned as to 85% by CDH Griffin Holdings Company Limited (“**CDH Griffin**”). Therefore, Dinghui Investment, Tianjin Taiding, Tianjin Weiyuan,

Tianjin Haoyong, Ningbo Runyong, Ningbo Chunyong, Ningbo Huiyong, Ningbo Penghui, Ningbo Xubo, Ningbo Weijun, East Oak, Access Star and CDH Griffin are deemed under the SFO to be interested in these 86,424,000 Shares held by Shanghai CDH Yaojia.

- (7) Hangzhou Dinghui New Trend Equity Investment Partnership (Limited Partnership) (杭州鼎暉新趨勢股權投資合夥企業(有限合夥)) (“**Hangzhou Dinghui**”) is a limited partner of Shanghai CDH Yaojia. Shanghai CDH Yaojia is owned as to 99.9990% by Hangzhou Dinghui. Therefore, Hangzhou Dinghui is deemed under the SFO to be interested in these 86,424,000 Shares held by Shanghai CDH Yaojia.
- (8) All interests stated are long positions.

3. DIRECTORS’ INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective close associates had engaged in or had any interest in any business which competes or may compete, either directly or indirectly, with the businesses of the Group.

4. DIRECTORS’ INTERESTS IN TRANSACTIONS, ASSETS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

As at the Latest Practicable Date, other than the related party transactions disclosed in note 30 to the consolidated financial statements and the connected transactions as disclosed in the section headed “Connected Transactions” in the Company’s 2021 annual report published on April 28, 2022, no Director had either direct or indirect material interest in any transactions, assets, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party, and there was no transaction, assets, arrangement or contract of significance between the Company or any of its subsidiaries and the Company’s controlling Shareholders or any of its subsidiaries, subsisted at the end of, or at any time during the year ended December 31, 2021 and up to the Latest Practicable Date.

5. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

6. QUALIFICATION AND CONSENT OF EXPERT

Altus Capital Limited has given and has not withdrawn its consent to the issue of this circular with the inclusion herein of its letter of advice dated August 11, 2022 and references to its name included in the form and context in which it appears. The following is the qualification of the expert who have given an opinion or advice, which is contained in this circular:

Name	Qualifications
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

As at the Latest Practicable Date, Altus Capital Limited did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Altus Capital Limited was not interested, directly or indirectly, in any assets which had since December 31, 2021, being the date to which the latest published audited accounts of the Group were made up, been acquired or disposed of by or leased to, or proposed to be acquired or disposed of by or leased to, any member of the Group.

7. MATERIAL ADVERSE CHANGE

The Directors confirm that there have been no material adverse change in the financial or trading positions of the Group since December 31, 2021, being the date to which the latest published audited accounts of the Group were made up, up to and including the Latest Practicable Date.

8. DOCUMENTS ON DISPLAY

The following documents will be available on (i) the website of the Company (www.firstservice.hk) and (ii) the website of the Stock Exchange (www.hkexnews.hk) during the period of 14 days from the date of this circular:

- (a) First Assets Master Property Management Agreement;
- (b) the letter from the Independent Board Committee dated August 11, 2022, the text of which is set out on pages 17 to 18 of this circular;
- (c) the consent letter from the IFA referred to in the paragraph headed “6. QUALIFICATION AND CONSENT OF EXPERT” in this appendix;
- (d) the letter from the IFA dated August 11, 2022, the text of which is set out on pages 19 to 32 of this circular; and
- (e) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “EGM”) of First Service Holding Limited (the “Company”) will be held at the 3rd Floor, Building 10, Wanguocheng MOMA, No. 1 Xiangheyuan Road, Dongzhimenwai, Dongcheng District, Beijing, PRC on Tuesday, August 30, 2022 at 3:00 p.m. for the purpose of considering and, if thought fit, pass the following resolution as ordinary resolution:

“**THAT** the continuing connected transactions contemplated under the master property management agreement entered into between the Company and First MOMA Assets Management (Beijing) Co., Ltd. on June 28, 2022 and the proposed annual cap be and are hereby generally and unconditionally approved, confirmed and ratified and the directors of the Company acting together or by committee, or any director of the Company acting individually, be and is hereby authorised to do all such further acts and things and execute such further documents and take all such steps which in his/her/their opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such continuing connected transactions.”

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

Hong Kong, August 11, 2022

Notes:

1. For the purpose of determining the entitlement of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, August 25, 2022 to Tuesday, August 30, 2022 (both days inclusive), during which period no transfer of Shares will be registered. To be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates and the duly completed and signed transfer forms must be lodged for registration with the Company’s share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong (and with effect from August 15, 2022, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong) not later than 4:30 p.m. on Wednesday, August 24, 2022.
2. A member of the Company who is entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his/her/its stead. The proxy need not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number of Shares in respect of which each such proxy is appointed.

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. The form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (and with effect from August 15, 2022, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong) not later than 48 hours before the time fixed for holding the EGM (i.e. before 3:00 p.m. on Sunday, August 28, 2022) or any adjournment thereof.
4. The above ordinary resolution will be voted by poll.
5. As at the date of this notice, 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.
6. References to time and dates in this notice are to Hong Kong time and dates.