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SUNAC 融創服務

SUNAC SERVICES HOLDINGS LIMITED

融創服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1516)

Sunac Services Investment III Limited

融創服務投資(三)有限公司

(Incorporated in the British

Virgin Islands with limited liability)

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)

JOINT ANNOUNCEMENT

**(1) DISCLOSEABLE TRANSACTION OF
SUNAC SERVICES HOLDINGS LIMITED
IN RELATION TO THE ACQUISITION OF SHARES
IN FIRST SERVICE HOLDING LIMITED;**

**(2) POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER
BY SOMERLEY CAPITAL LIMITED
FOR AND ON BEHALF OF SUNAC SERVICES INVESTMENT III LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF FIRST SERVICE
HOLDING LIMITED (OTHER THAN THOSE ALREADY OWNED
BY OR AGREED TO BE ACQUIRED BY SUNAC SERVICES
INVESTMENT III LIMITED AND PARTIES
ACTING IN CONCERT WITH IT (EXCEPT MR. ZHANG LEI,
MR. ZHANG PENG AND THE CS VENDORS));**

**(3) ESTABLISHMENT OF INDEPENDENT BOARD
COMMITTEE BY FIRST SERVICE HOLDING LIMITED;**

(4) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER; AND

**(5) RESUMPTION OF TRADING FOR
FIRST SERVICE HOLDING LIMITED**

**Financial Adviser to
Sunac Services Investment III Limited**

 **SOMERLEY CAPITAL LIMITED**

**Financial Adviser to
First Service Holding Limited**

 **東吳證券(香港)**
SICS SOOCHOW SECURITIES (HK)

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

 **申萬宏源香港**
SHENWAN HONGYUAN

Share Transfer Agreements

On 7 October 2021, the Offeror entered into the CS Share Transfer Framework Agreement, the Management Share Transfer Agreement and the CDH Share Transfer Agreement. Pursuant to the Share Transfer Agreements, the Offeror conditionally agreed to purchase a total of 322,163,000 Shares, representing approximately 32.22% of the entire issued share capital of First Service Holding as at the date of this joint announcement, at a total consideration of RMB692,650,450 (equivalent to approximately HK\$843,009,651), and the consideration per Share is RMB2.15 (equivalent to approximately HK\$2.6167 per Share). The Offeror has the right to adjust the consideration downward in accordance with terms contained in each of the Share Transfer Agreements on the basis of results of due diligence.

The consideration for the Target Shares was determined following arm's length negotiation between the Offeror and the Vendors with reference to the total equity attributable to equity holders and cash of First Service Holding as at 30 June 2021 amounting to approximately RMB674 million and RMB548 million respectively, the actual realized profit attributable to the First Service Shareholders in the six months ended 30 June 2021 in the amount of approximately RMB65.24 million, the prevailing market valuation of industry peers, and the business scale and growth potential of First Service Holding.

As at 30 June 2021, the contracted gross floor area of First Service Holding was approximately 72,994,000 square meters, and the gross floor area under management was approximately 53,202,000 square meters. Most of the projects under its management are located at first – and second-tier cities such as Beijing, Xi'an, Changsha and Taiyuan. It has managed various high-end, well-known projects such as Beijing Dang Dai MOMA, Beijing Wanguocheng MOMA. The layout of non-residential business is extensive, covering office buildings, hospitals, colleges and universities, industrial parks, and others. In respect of green living services, First Living is one of the earliest companies in the industry to carry out the research and development and application of the four constant technologies of “constant temperature (恒溫), constant humidity (恒濕), constant oxygen (恒氧), and constant tranquility (恒靜)”, and its scope of business comprises of green technology consulting, systems installation services, energy operation services and building technology products, and others. After years of development, First Service Holding has rich experience and technical advantages in the area of green living.

Possible Unconditional Mandatory Cash Offer

As at the date of this joint announcement, none of the Offeror, Sunac Services and any party acting in concert with any of them owns (or has control or direction over) any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of First Service Holding, other than its interest in the Target Shares pursuant to the Share Transfer Agreements and the interest held by Mr. Zhang Lei, Mr. Zhang Peng and the CS Vendors. Upon Completion, the Offeror and parties acting in concert with it (other than Mr. Zhang Lei, Mr. Zhang Peng and the CS Vendors) will hold a total of 322,163,000 Shares, representing approximately 32.22% of the entire issued share capital of First Service Holding as at the date of this joint announcement. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror will be required to make the Offer for all the issued Shares (other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it (except Mr. Zhang Lei, Mr. Zhang Peng and the CS Vendors) at the time when the Offer is made).

Offer

Upon Completion, the Offer will be made on the following basis:

HK\$2.6167 in cash

..... **for each Share accepted under the Offer**

Under the terms of the Offer, the Offer Shares will be acquired fully paid and free from all Encumbrances together with all rights attached thereto on or after the date on which the Offer is made, being the date of despatch of the Composite Document, including the right to receive in full all dividends and other distributions, if any, declared, made or paid, on or after the date on which the Offer is made, being the date of despatch of the Composite Document.

First Service Holding confirms that as at the date of this joint announcement, (a) it does not have any outstanding dividend that has been declared, made but not yet paid; and (b) it does not have any intention to make, declare or pay any future dividend/make other distributions from the date of this joint announcement until the close of the Offer.

Despatch of Composite Document

It is the intention of the respective directors of the Offeror and First Service Holding to combine the offer document and the offeree board circular into a composite offer document. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document containing, among other things, the terms of the Offer (including the expected timetable), the letter from the Independent Board Committee in relation to the Offer, the letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer, and a form of acceptance and transfer of the Shares is required to be despatched to the First Service Shareholders within 21 days of the date of this joint announcement (or such later date as the Executive may approve). If the conditions to completion of the Share Transfer Agreements cannot be satisfied or waived within 21 days of the date of this joint announcement, the Offeror will apply for the consent of the Executive under Note 2 to Rule 8.2 of the Takeovers Code for an extension of time for despatching the Composite Document to 7 days after completion of the Share Transfer Agreements or 10 June 2022, whichever is the earlier.

Compulsory Acquisition and Withdrawal of Listing of First Service Holding

The Offeror intends to avail itself of the right under section 88 of the Companies Law to compulsorily acquire those Shares not acquired by the Offeror under the Offer if, within four months after the despatch of the Composite Document, it has acquired not less than 90% of the Offer Shares and 90% of the Disinterested Shares in accordance with Rule 2.11 of the Takeovers Code. On completion of the compulsory acquisition (if applicable), First Service Holding will become a wholly-owned subsidiary of the Offeror and an application will then be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Discloseable Transaction for Sunac Services – Implications Under the Listing Rules

With respect to Sunac Services, as one or more of the applicable percentage ratios in respect of the Acquisition and the Offer are more than 5% and all of such ratios are below 25%, the Acquisition and the Offer constitute a discloseable transaction for Sunac Services under Chapter 14 of the Listing Rules, are subject to the reporting and announcement requirements but are exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Resumption Of Trading

At the request of First Service Holding, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 8 October 2021 pending the release of this joint announcement. Application has been made by First Service Holding for resumption of trading in the Shares with effect from 9:00 a.m. on 1 November 2021.

WARNING:

The Offer will only be made if Completion of the Share Transfer Agreements takes place. Completion of the Share Transfer Agreements is conditional upon the fulfillment or waiver of certain conditions as particularly described in this joint announcement. Accordingly, the Offer may or may not be made. Shareholders of Sunac Services and Shareholders of First Service Holding, and potential investors are advised to exercise caution in dealing in the securities of Sunac Services and First Service Holding. If security-holders of Sunac Services and First Service Holding, and potential investors are in any doubt about their position, they should consult their own professional advisers.

I. INTRODUCTION

Pursuant to the Share Transfer Agreements (namely, the CS Share Transfer Framework Agreement, the Management Share Transfer Agreement and the CDH Share Transfer Agreement), the Offeror conditionally agreed to purchase a total of 322,163,000 Shares, representing approximately 32.22% of the entire issued share capital of First Service Holding as at the date of this joint announcement, for a total cash consideration of RMB692,650,450 (equivalent to approximately HK\$843,009,651), or a consideration of RMB2.15 per Share (equivalent to approximately HK\$2.6167 per Share). The Offeror has the right to adjust the consideration downward in accordance with the terms contained in each of the Share Transfer Agreements on the basis of the results of due diligence. The Share Transfer Agreements comprise the following:

- (1) On 7 October 2021, the Offeror (as purchaser) entered into the CS Share Transfer Framework Agreement with Glorious and Hao Fung (as vendors) and, Mr. Zhang Lei, Mr. Zhang Peng and First Assets (as vendor guarantors), pursuant to which the Offeror conditionally agreed to purchase and Glorious and Hao Fung conditionally agreed to sell a total of 213,929,000 Shares, representing approximately 21.39% of the entire issued share capital of First Service Holding as at the date of this joint announcement, for a consideration of RMB459,947,350.
- (2) On 7 October 2021, the Offeror (as purchaser) entered into the Management Share Transfer Agreement with Liu Pei Qing Management, Long Han Management (as vendors), Mr. Liu Peiqing (as vendor and vendor guarantor) and Mr. Long Han (as vendor guarantor), pursuant to which the Offeror conditionally agreed to purchase and Liu Pei Qing Management, Long Han Management and Mr. Liu Peiqing conditionally agreed to sell a total of 21,810,000 Shares, representing approximately 2.18% of the entire issued share capital of First Service Holding as at the date of this joint announcement, for a consideration of RMB46,891,500.
- (3) On 7 October 2021, the Offeror (as purchaser) entered into the CDH Share Transfer Agreement with CDH (as vendor), pursuant to which the Offeror conditionally agreed to purchase and CDH conditionally agreed to sell 86,424,000 Shares, representing approximately 8.64% of the entire issued share capital of First Service Holding as at the date of this joint announcement, for a consideration of RMB185,811,600.

II. SHARE TRANSFER AGREEMENTS

1. CS Share Transfer Framework Agreement

CS Target Shares Transfer

The Offeror conditionally agreed to purchase and the CS Vendors conditionally agreed to sell a total of 213,929,000 Shares, representing approximately 21.39% of the entire issued share capital of First Service Holding as at the date of this joint announcement, for a total consideration of RMB459,947,350 (equivalent to approximately HK\$559,791,819), representing RMB2.15 per Share (equivalent to approximately HK\$2.6167 per Share) (subject to downward adjustments (if any)), details of which are as follows:

Vendors	Number of Shares to be sold	Percentage of Shares in issue to be sold as at the date of this joint announcement	Consideration (subject to downward adjustment (if any)) (RMB)
Glorious	43,151,750	4.32%	92,776,262.50
Hao Fung	170,777,250	17.08%	367,171,087.50
Total	213,929,000	21.39%	459,947,350.00

Refundable Deposit

Within five business days after the execution of the CS Share Transfer Framework Agreement and the CS Vendors having charged 200,000,000 CS Target Shares, representing 20% of the entire issued share capital of First Service Holding as at the date of this joint announcement, to the Offeror, the Offeror shall pay RMB100 million to the CS Vendors as the first deposit (the “**First Deposit**”). As at the date of this joint announcement, the CS Vendors have entered into the share charge in respect of 200,000,000 CS Target Shares in favour of the Offeror and the First Deposit has been paid by the Offeror to the account designated by the CS Vendors.

Within five business days after the Formal Agreement is signed and the CS Vendors having charged the remaining 13,929,000 CS Target Shares held by them to the Offeror, the Offeror shall pay an amount equivalent to 30% of the consideration minus the First Deposit (to the extent already paid to the CS Vendors) as the second deposit (the “**Second Deposit**”). Based on the aggregate number of Shares to be sold by the CS Vendors under the CS Share Transfer Framework Agreement and the Formal Agreement being 213,929,000 Shares and the initial consideration of RMB459,947,350 and that the First Deposit has been fully paid by the Offeror to the CS Vendors, the Second Deposit will be in the amount of RMB37,984,205.

The CS Vendors shall repay the First Deposit and the Second Deposit to the Offeror within 90 days after the payment of the CS Vendors Second Consideration Payment by the Offeror. If the CS Share Transfer Framework Agreement is terminated for any reasons, the Deposits paid to the CS Vendors but not returned to the Offeror shall be repaid within five business days of termination, and the share charge(s) granted by the CS Vendors in favour of the Offeror shall be terminated within five business days of such repayment of the Deposits.

The abovementioned share charges have been provided by the CS Vendors in favour of the Offeror to secure the obligation of the CS Vendors to return the First Deposit and/or the Second Deposit paid by the Offeror to the Offeror pursuant to the terms of the CS Share Transfer Framework Agreement. If the CS Vendors fail to comply with such obligation, the share charges shall become enforceable.

Until the relevant share charge shall have become enforceable, the CS Vendors as chargors shall be entitled to exercise or direct the exercise of the voting and other rights attached to the charged CS Target Shares, provided that the exercise of those rights would not have an adverse effect on the value of the charged CS Target Shares and would not otherwise prejudice the interests of the Offeror.

Payment of Consideration for the CS Target Shares

The consideration will be paid as follows:

- (a) Upon Completion, subject to the fulfillment or waiver of other conditions precedent to payment to be set forth in the Formal Agreement (if any), the Offeror will pay 52.5% of the consideration (being RMB241,472,359 based on the initial consideration of RMB459,947,350 (subject to downward adjustment)) to the CS Vendors. In the event that the Deposits or any part thereof which has been paid to the CS Vendors has not been returned by the CS Vendors to the Offeror at the time of payment of such consideration, an amount equal to the Deposits paid but not yet returned by the CS Vendors to the Offeror will be withheld until the CS Vendors repay such Deposits, and the Offeror will pay the remaining amount within 5 business days after the repayment of the Deposits to the Offeror in full;
- (b) After Completion and within five business days upon fulfilment of the obligations set out in the paragraph headed “**Management Rights Handover under the CS Share Transfer Framework Agreement**” below by the CS Vendors, and subject to the fulfillment or waiver of other conditions precedent to payment to be set forth in the Formal Agreement (if any), the Offeror will pay 22.5% of the consideration (being RMB103,488,154 based on the initial consideration of RMB459,947,350 (subject to downward adjustment)) to the CS Vendors (the “**CS Vendors Second Consideration Payment**”);
- (c) The Offeror will, pay the remaining balance of the consideration i.e. the remaining 25% of the consideration (being RMB114,986,837 based on the initial consideration of RMB459,947,350 (subject to downward adjustment)) in accordance with the performance commitment described in the section headed “**Payment of the CS Vendors Final Consideration Payment in accordance with the performance commitment arrangement**” below (the “**CS Vendors Final Consideration Payment**”).

Consideration Adjustment after Due Diligence (the “Due Diligence Adjustment”)

(a) Consideration adjustment

- (i) Unless any of the adjustment events set out in sub-paragraph (ii) below is identified, if the following is identified by due diligence conducted by the Offeror before signing the Formal Agreement:
- (A) the consolidated profit attributable to equity holders of First Service Holding in 2020 or in the first half of 2021 respectively decreases by 5% or less as compared to the disclosed information;
 - (B) the total gross profits of First Service Holding from property management service and community-related value added service in 2020 or in the first half of 2021 decreases by 5% or less as compared to the disclosed information;
 - (C) First Service Holding’s total area under management, total contracted area, residential area under management or contracted area of residential units as at 31 August 2021 decreases by 5% or less as compared to the disclosed information;
 - (D) the final target consolidated profit attributable to equity holders of First Service Holding for 2021 to be agreed by the parties before signing the Formal Agreement for the purpose of determining consideration is less than the agreed amount under the CS Share Transfer Framework Agreement (the “**Agreed Threshold**”) by 5% or less; and
 - (E) First Service Holding’ consolidated total equity attributable to equity holders as at 30 June 2021 decreases by any amount as compared to the disclosed information;

the Offeror has the right to adjust the consideration as follows:

$$A = B \times (C \times M + N)$$

Where

A = the downward adjustment to the consideration payable for the CS Target Shares

B = 21.39%, being the percentage of Shares in issue sold by the CS Vendors to the Offeror under the CS Share Transfer Framework Agreement

C = RMB1,700,000,000, being the valuation of First Service Holding implied by the consideration for the Shares deducted by RMB450 million, being (a) the total equity attributable to the equity holders of First Service Holding as at 30 June 2021 and as shown in its 2021 interim report (being RMB673,657,000) adjusted for (b) goodwill (being RMB186,514,000) and (c) intangible assets acquired in the business combinations (being RMB36,400,000), each as at 30 June 2021 and as shown in its 2021 interim report.

M = the highest percentage decrease determined in (A) to (D) above

N = any amount of shortfall in (E) above

References to “disclosed information” in this sub-paragraph (i) refer to the information as disclosed in the 2020 annual report (audited) or the 2021 interim report (unaudited) of First Service Holding published on the website of the Stock Exchange and/or the CS Share Transfer Framework Agreement (as the case may be).

- (ii) Following the due diligence conducted by the Offeror before signing the Formal Agreement, if it is identified that:
- (A) any of the percentage decrease determined in (A) to (D) of sub-paragraph (i) above is more than 5%;
 - (B) there exist significant legality and/or compliance issues in the property management right of the projects acquired by the First Service Holding Group or the execution of specific service agreements, or as a result of the transaction contemplated under the CS Share Transfer Framework Agreement, First Service Holding will be in breach of any agreement with third parties, which would have material adverse effect on the management right of the projects of the First Service Holding Group or the specific service agreements and would create a substantive obstacle to the transactions contemplated under the CS Share Transfer Framework Agreement; or
 - (C) there exist other undisclosed matters or operational risks which may have material adverse effects on the business activities of First Service Holding or the transactions contemplated under the CS Share Transfer Framework Agreement and would create a substantive obstacle to the transactions contemplated under the CS Share Transfer Framework Agreement,

the Offeror may elect to terminate the CS Share Transfer Framework Agreement or elect to adjust the consideration as follows:

in the case of (A) of this sub-paragraph (ii):

$$A = B \times (C \times M \times 120\% + N)$$

Where

A = the downward adjustment to the consideration payable for the CS Target Shares

B = 21.39%, being the percentage of Shares in issue sold by the CS Vendors to the Offeror under the CS Share Transfer Framework Agreement

C = RMB1,700,000,000, being the valuation of First Service Holding implied by the consideration for the Shares deducted by RMB450 million, being (a) the total equity attributable to the equity holders of First Service Holding as at 30 June 2021 and as shown in its 2021 interim report (being RMB673,657,000) adjusted for (b) goodwill (being RMB186,514,000) and (c) intangible assets acquired in the business combinations (being RMB36,400,000), each as at 30 June 2021 and as shown in its 2021 interim report

M = the highest percentage decrease determined in (A) to (D) of subparagraph (i) above

N = any amount of shortfall in (E) above of subparagraph (i) above

in the case of (B) or (C) of this sub-paragraph (ii):

The parties will further negotiate as to the adjustments to the consideration.

References to “disclosed information” in this sub-paragraph (ii) refer to the information as disclosed in the 2020 annual report (audited) or the 2021 interim report (unaudited) of First Service Holding published on the website of the Stock Exchange and/or the CS Share Transfer Framework Agreement (as the case may be).

- (b) If the consideration amount after any adjustment under paragraph (a) above is less than RMB413,952,615, being 90% of the initial consideration of RMB459,947,350, the CS Vendors are entitled to terminate the CS Share Transfer Framework Agreement. Notwithstanding the foregoing, in the event that the CS Vendors elects to terminate the CS Share Transfer Framework Agreement as set out above, but (i) the Offeror notifies the CS Vendors of its objection to the termination of the CS Share Transfer Framework Agreement and (ii) the Offeror agrees to pay an adjusted consideration equivalent to RMB413,952,615 (being 90% of the initial consideration of RMB459,947,350) to the CS Vendors, the CS Share Transfer Framework Agreement shall not be terminated and the adjusted consideration under CS Share Transfer Framework Agreement shall become RMB413,952,615, being 90% of the initial consideration.

The amount of the Due Diligence Adjustment (if any) will be set out in the Formal Agreement and further announcement(s) will be made as and when appropriate.

Payment of the CS Vendors Final Consideration Payment in accordance with the performance commitment arrangement

The CS Vendors Final Consideration Payment, being the last tranche of the consideration payable for the CS Target Shares representing the remaining 25% of the consideration (being RMB114,986,837 based on the initial consideration of RMB459,947,350 (subject to downward adjustment)), will be retained and, if applicable, settled by the Offeror to the CS Vendors based on the performance indicators and timing of payment as described below:

- (i) A maximum of 20% of the CS Vendors Final Consideration Payment (the “**CS Vendors First Final Payment**”) (being RMB22,997,367.6) based on the CS Vendors Final Consideration Payment of RMB114,986,837 (subject to downward adjustment)) will be paid on or before the later of 30 April 2022 and the date falling 30 days after the date of the audited financial report of First Service Holding Group for the year ending 31 December 2021, based on the actual adjusted consolidated profit attributable to equity holders of First Service Holding for 2021. Adjusted consolidated profit attributable to equity holders of First Service Holding for 2021 refers to the consolidated profit attributable to equity holders of First Service Holding for 2021 after deducting certain net profit items as set out in the CS Share Transfer Framework Agreement.

If the actual adjusted consolidated profit attributable to equity holders of First Service Holding for 2021 is not less than the Agreed Threshold, the CS Vendors First Final Payment will be payable in full. If the actual adjusted consolidated profit attributable to equity holders of First Service Holding for 2021 is less than the Agreed Threshold by 7% or more, none of the CS Vendors First Final Payment will be payable at all. If the actual adjusted consolidated profit attributable to equity holders of First Service Holding for 2021 does not meet the Agreed Threshold but falls short by less than 7%, the CS Vendors First Final Payment payable will be adjusted as follows:

$$D = E \times \left(1 - \frac{S}{7\%} \right)$$

Where

D = Amount payable by the Offeror to the CS Vendors for the CS Vendors First Final Payment

E = 5% of the initial consideration for the CS Target Shares (subject to downward adjustment)

S = the percentage decrease of the actual adjusted consolidated profit attributable to equity holders of First Service Holding for 2021 as compared with the Agreed Threshold

- (ii) A maximum of 40% of the CS Vendors Final Consideration Payment (the “**CS Vendors Second Final Payment**”) (being RMB45,994,734.8) based on the CS Vendors Final Consideration Payment of RMB114,986,837 (subject to downward adjustment)) will be paid on or before 30 April 2023 based on the difference between the area under management of First Service Holding as at 31 December 2022 (excluding the area under management as converted from the projects signed but not delivered as disclosed in the CS Share Transfer Framework Agreement) and that as at 31 August 2021.

If the area under management of First Service Holding as at 31 December 2022 (excluding the area under management as converted from the projects signed but not delivered as disclosed in the CS Share Transfer Framework Agreement) is not less than the area under management of First Service Holding as at 31 August 2021, the CS Vendors Second Final Payment will be payable in full. If the area under management of First Service Holding as at 31 December 2022 (excluding the area under management as converted from the projects signed but not delivered as disclosed in the CS Share Transfer Framework Agreement) is less than the area under management of First Service Holding as at 31 August 2021 by 10% or more, none of the CS Vendors Second Final Payment will be payable at all. If the area under management of First Service Holding as at 31 December 2022 (excluding the area under management as converted from the projects signed but not delivered as disclosed in the CS Share Transfer Framework Agreement) is less than the area under management of First Service Holding as at 31 August 2021 but falls short by less than 10%, the CS Vendors Second Final Payment payable will be adjusted as follows:

$$F = G \times \left(1 - \frac{T}{10\%} \right)$$

Where

F = Amount payable by the Offeror to the CS Vendors for the CS Vendors Second Final Payment

G = 10% of the initial consideration for the CS Target Shares (subject to downward adjustment)

T = the percentage decrease in the area under management of First Service Holding as at 31 December 2022 (excluding the area under management as converted from the projects signed but not delivered as disclosed in the CS Share Transfer Framework Agreement) as compared with the area under management of First Service Holding as at 31 August 2021

- (iii) A maximum of 40% of the CS Vendors Final Consideration Payment (being RMB45,994,734.8) based on the CS Vendors Final Consideration Payment of RMB114,986,837 (subject to downward adjustment)) will be paid proportionately on or before 30 April of the following year based on the actual delivered area of First Service Holding each year in respect of projects which have been disclosed to the Offeror as contracted but not yet delivered. This is a continuous performance indicator until all the projects contracted but not yet delivered as disclosed to the Offeror in the CS Share Transfer Framework Agreements are delivered.

Compensation by the CS Vendors to the Offeror

Where a Due Diligence Adjustment is made, and the Offeror has acquired or shall acquire further Shares from First Service Shareholders (other than the CS Vendors and the CS Vendor Guarantors) (whether before or after Completion) at a price not less than the pre-adjustment price (being RMB2.15 per Share) (including but not limited to Shares to be acquired by the Offeror in the market, the Offer and upon the exercise of its compulsory acquisition rights after the close of the Offer (if applicable)), the CS Vendors shall compensate the Offeror for an amount equivalent to (i) the difference in consideration per Share before and after the Due Diligence Adjustment, multiplied by (ii) the number of Shares so acquired by the Offeror (the “**Difference Compensation Amount**”).

Provided that, if the amount available for the CS Vendors after taking into account the Due Diligence Adjustment and the Difference Compensation Amount (the “**Amount Available for CS Vendors**”) will be less than 90% of the initial total consideration (including the total consideration under the CS Share Transfer Framework Agreement and (if any) the total consideration for the other Shares sold by the CS Vendors to the Offeror (whether pursuant to the Offer or otherwise) at the initial consideration per Share of RMB2.15), the Difference Compensation Amount will be reduced accordingly so that the Amount Available for CS Vendors will be 90% of such initial total consideration.

Solely for illustration purpose only, an illustration of the Difference Compensation Amount reduction mechanism is set out below:

Amount Available for CS Vendors = A + (B x Z) – C

Initial total consideration = W + (B X M)

A = consideration for the CS Target Shares under the CS Share Transfer Framework Agreement after taking into account the Due Diligence Adjustment

B = Shares to be sold by the CS Vendors and the CS Vendor Guarantors to the Offeror (other than the CS Target Shares) (if any)

Z = price per Share after taking into account the Due Diligence Adjustment

C = Difference Compensation Amount

W = Initial consideration payable under the CS Share Transfer Framework Agreement, being RMB459,947,350

M = initial price per CS Target Share (being RMB2.15 per Share)

Notwithstanding the above, if CS Vendors are entitled to terminate the CS Share Transfer Framework Agreement under paragraph (b) under the paragraph headed “Consideration Adjustment after Due Diligence” above, but do not exercise such termination rights, then the Difference Compensation Amount reduction mechanism as described immediately above would not apply, and the parties shall separately negotiate whether the Difference Compensation Amount will be reduced and the reduction mechanism (if applicable).

CS Vendors’ Acceptance of Offer

If any of the CS Vendors or the CS Vendor Guarantors accepts the Offer, it will, within five business days after receiving the relevant Offer Price, pay to the Offeror the sum of:

- (a) if the Offer Price is higher than the consideration per CS Target Share (after taking into account the Due Diligence Adjustment), an amount equal to such difference multiplied by the number of Shares sold by any of the CS Vendors or the CS Vendor Guarantors under the Offer; and
- (b) an amount equal to 25% of the difference between (i) the aggregate amount received by the CS Vendors and the CS Vendor Guarantors under the Offer and (ii) the amount paid by the CS Vendors and the CS Vendor Guarantors to the Offeror pursuant to paragraph (a) above.

The amount paid by the CS Vendors and the CS Vendor Guarantors to the Offeror pursuant to paragraph (b) above will be retained and in due course paid by the Offeror to the CS Vendors and the CS Vendor Guarantors based on the performance indicators and timing of payment as described in the section headed “Payment of the CS Vendors Final Consideration Payment in accordance with the performance commitment arrangement” above as if it is a part of the CS Vendors Final Consideration Payment.

The CS Vendors and the CS Vendor Guarantors intend to sell the remaining Shares held by the CS Vendors and the CS Vendor Guarantors to the Offeror under the Formal Agreement or by way of acceptance of the Offer.

Conditions Precedent of the CS Share Transfer Framework Agreement

Completion of the CS Share Transfer Framework Agreement is subject to the fulfillment or waiver of the following conditions:

- (a) The Offeror not having identified matters from its due diligence on First Service Holding Group (including but not limited to its business or assets) indicating material unusual operations or material adverse changes in the operations, or any material safety liability incidents or undisclosed material risks, each of which would create substantive obstacle to the transactions contemplated under the CS Share Transfer Framework Agreement;
- (b) First Service Holding and the Offeror having issued this joint announcement;
- (c) the warranties made by the CS Vendors in the CS Share Transfer Framework Agreement remaining true, accurate and correct on the date of the CS Share Transfer Framework Agreement and the date of Completion thereunder;

- (d) the CS Vendors having complied with and fulfilled their pre-Completion obligations as elaborated in the section headed “Pre-Completion Obligations” below in all material aspects;
- (e) no government authority having proposed or formulated any laws, regulations or decisions, or taken any measures or actions that will prohibit, restrict or substantially delay, the transactions contemplated under the CS Share Transfer Framework Agreement;
- (f) all third party consents, approvals and notices necessary or required as a result of the entering into of the transactions contemplated under the CS Share Transfer Framework Agreement under the contracts to which any First Service Holding Group Company is a party having been obtained;
- (g) during the period from the date of the CS Share Transfer Framework Agreement to the Completion Date, the Shares remaining listed and traded on the Stock Exchange, and First Service Holding not having received any indication from the SFC and/or Stock Exchange that the listing of the Shares on the Stock Exchange will be revoked or objected (save for any trading suspension pending the Executive or the Stock Exchange confirming that they have no further comments on this joint announcement);
- (h) each party thereto having signed the Formal Agreement;
- (i) the approval of the Anti-monopoly Bureau of the State Administration for Market Regulation (國家市場監督管理總局反壟斷局), the anti-monopoly administrative body in PRC, of the transactions contemplated under the CS Share Transfer Framework Agreement required having been obtained;
- (j) Completion of the other Share Transfer Agreements having taken place and the consideration per Share for the acquisition of the Target Shares by the Offeror under the other Share Transfer Agreements is not less than the consideration per Share under the CS Share Transfer Framework Agreements;

The Offeror is entitled to waive the above conditions precedent (other than the conditions precedent set out in paragraphs (b), (h), (i) and (j) above). The CS Vendors do not have the right to unilaterally waive any of the above conditions precedent in whole or in part. The Offeror and the CS Vendors are entitled to jointly waive the conditions precedent set out in paragraphs (b), (h) and (j) above.

If the conditions precedent above (other than the conditions precedent set out in paragraphs (b), (h), (i) and (j) above) are not fulfilled or (if applicable) waived before the Long Stop Date, the Offeror may terminate the CS Share Transfer Framework Agreement.

If the conditions precedent set out in paragraphs (b), (h) and (j) above are not fulfilled or jointly waived by the Offeror and the CS Vendors before the Long Stop Date, the CS Share Transfer Framework Agreement shall automatically terminate.

If the condition precedent set out in paragraph (i) above is not fulfilled by the Long Stop Date, the Long Stop Date shall be automatically extended to 31 May 2022 or the date of fulfillment of the condition precedent set out in paragraph (i), whichever is the earlier. If the condition precedent set out in paragraph (i) has not been completed on or before such date, the CS Share Transfer Framework Agreement shall automatically terminate.

In respect of the condition set out in paragraph (f) above, as at the date of this joint announcement, the CS Vendors, the CS Vendor Guarantors and First Service Holding are not aware of any such necessary third party consents, approvals and notices in relation to transactions contemplated under the CS Share Transfer Framework Agreement.

In respect of the condition precedent set out in paragraph (j) above, as the consideration per Share for the acquisition of the Target Shares under each of the Share Transfer Agreements is the same (being RMB2.15 per Share), and in the event that the consideration under the CS Share Transfer Framework Agreement will be adjusted, the consideration of the relevant Target Shares under the other Share Transfer Agreements will be adjusted according to such adjusted price per CS Target Share. Therefore, the condition precedent set out in paragraph (j) above with respect to the consideration per Share has been fulfilled.

Completion of the CS Share Transfer Framework Agreement

The Completion Date of the CS Share Transfer Framework Agreement shall be the 3rd business day after the fulfillment or waiver of the conditions precedent (other than the conditions precedent to be satisfied on the Completion Date), or such other date as the parties may agree.

If completion of the CS Share Transfer Framework Agreement does not occur on the Completion Date due to failure of any of the CS Vendors to comply with their obligations upon Completion, the Offeror is entitled to choose to terminate the CS Share Transfer Framework Agreement and request the CS Vendors to pay an amount equal to 5% of the total consideration under the CS Share Transfer Framework Agreement (being RMB22,997,367.5 based on the initial consideration of RMB459,947,350) as compensation to the Offeror and the CS Vendors shall immediately refund the Deposits paid but not yet returned.

If completion of the CS Share Transfer Framework Agreement does not occur on the Completion Date due to failure of the Offeror to comply with its obligations upon Completion, the CS Vendors are entitled to choose to terminate the CS Share Transfer Framework Agreement and request the Offeror to pay an amount equal to 5% of the total consideration under the CS Share Transfer Framework Agreement (being RMB22,997,367.5 based on the initial consideration of RMB459,947,350) as compensation to the CS Vendors. As described in the section headed “Refundable Deposit” above, upon the termination of the CS Share Transfer Framework Agreement in such case, the CS Vendors shall refund the Deposits paid but not yet returned within five business days of termination.

Lock-up Restriction

If (a) the CS Vendors terminate the CS Share Transfer Framework Agreement under the circumstances described in the section headed “Consideration Adjustment After Due Diligence – (b)”, (b) the parties fail to sign a Formal Agreement on or before the Long Stop Date solely due to the default of CS Vendors, or (c) if Completion does not occur on the Completion Date as a result of any failure by any of the CS Vendors to comply with the obligations due at Completion, then from the termination date until the first anniversary of the termination date, all CS Vendors shall not sell or transfer their Shares without the prior consent of the Offeror.

Formal Agreement

Unless the CS Share Transfer Framework Agreement is terminated pursuant to the circumstances described in the section headed “Consideration Adjustment After Due Diligence”, the parties to the CS Share Transfer Framework Agreement shall sign a Formal Agreement on the further terms of the transactions under the CS Share Transfer Framework Agreement by no later than the Long Stop Date.

Management Rights Handover under the CS Share Transfer Framework Agreement

The CS Vendors undertook to procure, after completion of the CS Share Transfer Framework Agreement and upon request by the Offeror, (i) the change of directors and other senior management personnel and bank account signatories of the First Service Holding Group Companies to such persons nominated by the Offeror (provided that such director appointments shall only take effect at the earliest time as permitted under the Takeovers Code or such later date agreed by the Offeror (if applicable)); and (ii) the handover of seals, certificates and licenses of First Service Holding Group Companies to personnel designated by the Offeror.

Core Management

The CS Vendors irrevocably undertook to procure the Core Management to remain in their respective roles in the First Service Holding Group and to maintain staff stability (other than any resignation of Mr. Liu Peiqing as a director or other position in the relevant First Service Holding Group Company upon request by the Offeror, as described in the paragraph headed “Management Rights Handover under the Management Share Transfer Agreement” in the section headed “2. Management Share Transfer Agreement” below). As at the date of this joint announcement, the Offeror does not have the intention to require Mr. Liu Peiqing to so resign as a director or other position in the relevant First Service Holding Group Company.

Non-competition Commitment

The CS Vendors irrevocably undertook to the Offeror that they will not and will cause any entity which (a) directly or indirectly controls the CS Vendors; (b) is controlled by the CS Vendors or (c) is under common control with the CS Vendors not to:

- (a) induce, hire or employ any director, officer, Core Management (except for those agreed by the Offeror) of any First Service Holding Group Company and its associates, during the period from the date of the CS Share Transfer Framework Agreement to the third anniversary of the Completion Date; or

- (b) engage in business individually or jointly with third parties within the PRC that is competitive with the business operated by the First Service Holding Group Companies on the date of the CS Share Transfer Framework Agreement, during the period from the date of the CS Share Transfer Framework Agreement to the 12th anniversary of the Completion Date.

Undertakings of the CS Vendors

Subject to compliance with all applicable laws, regulations and rules, the CS Vendors irrevocably undertake that they will procure that:

- (a) the agreements executed by and between real estate companies under their control and the First Service Holding Group will continue to be performed, and if such business continues to exist after the expiration of the executed agreements, such business will continue to be undertaken by the First Service Holding Group at certain fee levels;
- (b) during the period from the Completion Date to the 12th anniversary thereof, property management services, value-added services, the Green Living Business and other businesses within the First Service Holding Group's business scope developed or operated by real estate companies under their control are undertaken by the First Service Holding Group at certain fee levels; and
- (c) the First Service Holding Group Company maintain the continuity of the Green Living Business for 180 days from the expiry date of the Transition Period, including maintaining integrity of personnel and business and support for the Green Living Business by real estate companies under the control of the CS Vendors and their affiliates.

Pre-Completion Obligations

Exclusivity

The CS Vendors irrevocably undertook to the Offeror that from the date of the CS Share Transfer Framework Agreement to the Completion Date or the termination of the CS Share Transfer Framework Agreement (both dates inclusive):

- (a) not to directly or indirectly sell or transfer the CS Target Shares in any manner to any third party other than the Offeror or persons agreed by the Offeror, and shall not directly or indirectly create any encumbrances (save for the share charges as contemplated under the CS Share Transfer Framework Agreement) or other third-party rights and interests on any CS Target Shares in any manner; and
- (b) not to inquire, discuss or negotiate with any third party other than the Offeror or persons agreed by the Offeror in connection with the sale or transfer of any of the CS Target Shares or other transaction contemplated in paragraph (a) above in any manner.

Maintenance of the operations of the First Service Holding Group

The CS Vendors undertook to the Offeror that (i) during the Transition Period, if the CS Vendors and/or First Service Holding are aware of any information that may have a material adverse effect on the First Service Holding Group's continued holding of its licenses and qualifications for its business operations, the First Service Holding Group's financial conditions or prospects, the CS Vendors shall notify the Offeror in writing immediately; (ii) during the Transition Period, the CS Vendors shall safeguard the business reputation of the First Service Holding Group from any material adverse effect; and (iii) the CS Vendors shall procure that each member of the First Service Holding Group will not engage in or carry out the matters set out in the CS Share Transfer Framework Agreement such as amendment of constitutional documents, signing of contracts above certain contractual amounts and certain other matters not in the ordinary course of business.

Guarantee by the CS Vendor Guarantors

Each of Mr. Zhang Lei and Mr. Zhang Peng has agreed to provide guarantees in favour of the Offeror to guarantee the due and punctual performance by the CS Vendors of all the obligations under the CS Share Transfer Framework Agreement.

First Assets has agreed to provide guarantee in favour of the Offeror to guarantee the due and punctual performance by the CS Vendors of all the payment obligations under the CS Share Transfer Framework Agreement (including but not limited to the return of the Deposits already paid to the CS Vendors to the Offeror).

2. Management Share Transfer Agreement

Management Target Shares Transfer

The Offeror conditionally agreed to purchase and the Management Vendors conditionally agreed to sell 21,810,000 Shares, representing approximately 2.18% of the entire issued share capital of First Service Holding as at the date of this joint announcement, for a consideration of RMB46,891,500 (equivalent to approximately HK\$57,070,615), representing RMB2.15 per Share (equivalent to approximately HK\$2.6167 per Share) (subject to adjustment set out in the section headed “Consideration Adjustment for the Management Target Shares” below), details of which are as follows:

Vendors	Number of shares to be sold	Percentage of Shares in issue to be sold as at the date of this joint announcement	Consideration (subject to downward adjustment (if any)) (RMB)
Liu Pei Qing Management	10,988,750	1.10%	23,625,812.50
Mr. Liu Peiqing	310,000	0.03%	666,500.00
Long Han Management	10,511,250	1.05%	22,599,187.50
Total	21,810,000	2.18%	46,891,500.00

Payment of Consideration of Management Target Shares

The consideration will be paid as follows:

- (a) Upon Completion, subject to the fulfillment or waiver of other conditions precedent to payment as agreed by the parties (if any), the Offeror will pay 60% of the consideration (being RMB28,134,900 based on the initial consideration of RMB46,891,500 (subject to downward adjustment)) to the Management Vendors.
- (b) After Completion and within five business days upon the fulfillment of the obligations set out in the paragraph headed “Management Rights Handover under the Management Share Transfer Agreement” below by the Management Vendors, and subject to the fulfillment or waiver of other conditions precedent to payment as agreed by the parties (if any), the Offeror will pay 30% of the consideration (being RMB14,067,450 based on the initial consideration of RMB46,891,500 (subject to downward adjustment)) to the Management Vendors.

- (c) The Offeror will pay the remaining balance of the consideration i.e. the remaining 10% of the consideration (being RMB4,689,150 based on the initial consideration of RMB46,891,500 (subject to downward adjustment)) in accordance with the performance commitment described in the section headed “Payment of the Management Vendors Final Consideration Payment in Accordance with the Performance Commitment Arrangement” below (“**Management Vendors Final Consideration Payment**”).

Consideration Adjustment for the Management Target Shares

In the event that the consideration under the CS Share Transfer Framework Agreement is adjusted, the consideration of the Management Target Shares will be adjusted according to such adjusted price per CS Target Share. The basis of and the triggering events for the adjustment are set out in the paragraph headed “Consideration Adjustment after Due Diligence (the “**Due Diligence Adjustment**”)” under the section headed “II. Share Transfer Agreements – 1. CS Share Transfer Framework Agreement”.

Payment of the Management Vendors Final Consideration Payment in Accordance with the Performance Commitment Arrangement

The Management Vendors Final Consideration Payment, being the last tranche of the consideration payable for the Management Target Shares representing the remaining 10% of the consideration (being RMB4,689,150 based on the initial consideration of RMB46,891,500 (subject to downward adjustment as described in the immediately preceding paragraph headed “Consideration Adjustment for the Management Target Shares” above), will be retained and, if applicable, settled by the Offeror to the Management Vendors based on the performance indicators and timing of payment as described below:

- (i) A maximum of 50% of the Management Vendors Final Consideration Payment (the “**Management Vendors First Final Payment**”) (being RMB2,344,575 based on the Management Vendors Final Consideration Payment of RMB4,689,150 (subject to downward adjustment)) will be paid on or before the later of 30 April 2022 and the date falling 30 days after the date of the audited report of First Service Holding Group for the year ending 31 December 2021 based on the actual adjusted consolidated profit attributable to equity holders of First Service Holding for 2021. Adjusted consolidated profit attributable to equity holders of First Service Holding for 2021 refers to the consolidated profit attributable to equity holders of First Service Holding for 2021 after deducting certain net profit items as set out in the Management Share Transfer Agreement.

If the actual adjusted consolidated profit attributable to equity holders of First Service Holding for 2021 is not less than the Agreed Threshold, the Management Vendors First Final Payment will be payable in full. If the actual adjusted consolidated profit attributable to equity holders of First Service Holding for 2021 is less than the Agreed Threshold by 7% or more, none of the Management Vendors First Final Payment will be payable at all. If the actual adjusted consolidated profit attributable to equity holders of First Service Holding for 2021 does not meet the Agreed Threshold but falls short by less than 7%, the Management Vendors First Final Payment payable will be adjusted as follows:

$$D = E \times \left(1 - \frac{S}{7\%} \right)$$

Where

D = Amount payable by the Offeror to the management Vendors for the Management Vendors First Final Payment

E = 5% of the initial consideration for the Management Target Shares (subject to downward adjustment)

S = the percentage decrease in the actual adjusted consolidated profit attributable to equity holders of First Service Holding for 2021 as compared with the Agreed Threshold

- (ii) A maximum of 50% of the Management Vendors Final Consideration Payment (the “**Management Vendors Second Final Payment**”) (being RMB2,344,575 based on the Management Vendors Final Consideration Payment of RMB4,689,150 (subject to downward adjustment)) will be paid on or before 30 April 2023 based on the difference between the area under management of First Service Holding as at 31 December 2022 (excluding the area under management as converted from the projects signed but not delivered as disclosed in the Management Share Transfer Agreement) and that as at 31 August 2021.

If the area under management of First Service Holding as at 31 December 2022 (excluding the area under management as converted from the projects signed but not delivered as disclosed in the Management Share Transfer Agreement) is not less than the area under management of First Service Holding as at 31 August 2021, the Management Vendors Second Final Payment will be payable in full. If the area under management of First Service Holding as at 31 December 2022 (excluding the area under management as converted from the projects signed but not delivered as disclosed in the Management Share Transfer Agreement) is less than the area under management of First Service Holding as at 31 August 2021 by 10% or more, none of the Management Vendors Second Final Payment will be payable at all. If the area under management of First Service Holding as at 31 December 2022 (excluding the area under management as converted from the projects signed but not delivered as disclosed in the Management Share Transfer Agreement) is less than the area under management of First Service Holding as at 31 August 2021 but falls short by less than 10%, the Management Vendors Second Final Payment payable will be adjusted as follows:

$$F = G \times \left(1 - \frac{T}{10\%} \right)$$

Where

F = Amount payable by the Offeror to the management Vendors for the Management Vendors Second Final Payment

G = 5% of the initial consideration for the Management Target Shares (subject to downward adjustment)

T = the percentage decrease in the area under management of First Service Holding as at 31 December 2022 (excluding the area under management as converted from the projects signed but not delivered as disclosed in the Management Share Transfer Agreement) as compared with the area under management of First Service Holding as at 31 August 2021

Conditions Precedent of the Management Share Transfer Agreement

Completion of the Management Share Transfer Agreement is subject to the fulfillment or waiver of the following conditions:

- (a) First Service Holding and the Offeror having issued this joint announcement;
- (b) the warranties made by the Management Vendors in the Management Share Transfer Agreement remaining true, accurate and correct on the date of the Management Share Transfer Agreement and the date of Completion thereunder;
- (c) the Management Vendors having complied with and fulfilled pre-Completion obligations as elaborated in the section headed “Pre-Completion Obligations” below in all material aspects;
- (d) no government authority having proposed or formulated any laws, regulations or decisions, or taken any measures or actions that will prohibit, restrict or substantially delay, the transactions contemplated under the Management Share Transfer Agreement;
- (e) all third party consents, approvals and notices necessary or required as a result of the entering into of the transactions contemplated under the Management Share Transfer Agreement under contracts to which any First Service Holding Company is a party having been obtained;
- (f) during the period from the date of Management Share Transfer Agreement to the Completion Date, the Shares remaining listed and traded on Stock Exchange, and First Service Holding not having received any indication from the SFC and/or Stock Exchange that the listing of the Shares on the Stock Exchange will be revoked or objected (save for any trading suspension pending the Executive or the Stock Exchange confirming that they have no further comments on this joint announcement); and
- (g) Completion of the other Share Transfer Agreements having taken place and the consideration per Share for the acquisition of the Target Shares by the Offeror under the other Share Transfer Agreements is no less than the consideration per Share under the Management Share Transfer Agreement.

The Offeror has the right to waive the above conditions precedent in whole or in part. The Management Vendors do not have the right to waive any of the above conditions precedent in whole or in part.

If the conditions precedent above are not fulfilled or (if applicable) waived by the Offeror before the Long Stop Date, the Offeror may terminate the Management Share Transfer Agreement.

In respect of the condition precedent set out in paragraph (e) above, as at the date of this joint announcement, the Management Vendors, the Management Vendor Guarantors and First Service Holding are not aware of any such necessary third party consents, approvals and notices in relation to transactions contemplated under the Management Share Transfer Agreement.

In respect of the condition precedent set out in paragraph (g) above, as the consideration per Share for the acquisition of the Target Shares under each of the Share Transfer Agreements is the same (being RMB2.15 per Share), and in the event that the consideration under the CS Share Transfer Framework Agreement will be adjusted, the consideration of the Management Target Shares will be adjusted according to such adjusted price per CS Target Share. Therefore, the condition precedent set out in paragraph (g) above with respect to the consideration per Share has been fulfilled.

Completion of the Management Share Transfer Agreement

The Completion of the Management Share Transfer Agreement shall take place on the Completion Date under the CS Share Transfer Framework Agreement or such other date as the Offeror may notify the Management Vendors in writing.

If completion of the Management Share Transfer Agreement does not take place on the Completion Date due to any failure by the Offeror or the Management Vendors (as the case may be) to comply with the obligations to be performed upon Completion, the non-defaulting party may elect to terminate the Management Share Transfer Agreement and request the defaulting party to pay an amount equivalent to 5% of the consideration under the Management Share Transfer Agreement (being RMB2,344,575 based on the initial consideration of RMB46,891,500) as compensation to the non-defaulting party.

Management Rights Handover under the Management Share Transfer Agreement

The Management Vendors undertook, after completion of the Management Share Transfer Agreement and upon request by the Offeror, that Mr. Liu Peiqing and Mr. Long Han shall sign and deliver a letter of resignation as a director or other position in the relevant First Service Holding Group Company (with effect from the earliest time permitted under the Takeovers Code or such other later time as agreed by the Offeror). For further information relating to Mr. Liu Peiqing and Mr. Long Han, please refer to the section headed “Information on the Vendors, the CS Vendor Guarantors and the Management Guarantors” in this joint announcement. As at the date of this joint announcement, the Offeror does not have the intention to require Mr. Liu Peiqing to so resign as a director or other position in the relevant First Service Holding Group Company.

Core Management

The Management Vendors undertook that they will use best efforts to procure that the Core Management remain in their roles and to ensure that the First Service Holding Group maintains staff stability (other than any resignation of Mr. Liu Peiqing as a director or other position in the relevant First Service Holding Group Company upon request by the Offeror, as described in the paragraph headed “Management Rights Handover under the Management Share Transfer Agreement” above).

Non-competition Commitment

Mr. Liu Peiqing irrevocably undertook to the Offeror that he will not, and will procure that any entity which is controlled by Mr. Liu Peiqing not to:

- (a) induce, employ or procure the employment of any director, Core Management of any First Service Holding Group Company or its affiliates then in office (except with the consent of the Offeror), during the period from the date of the Management Share Transfer Agreement to the third anniversary of the date he ceases to hold positions in the First Service Holding Group Companies; or
- (b) engage in business individually or jointly with a third party within the PRC that is competitive with the business operated by the First Service Holding Group Companies as at the date of the Management Share Transfer Agreement during the period from the date of the Management Share Transfer Agreement to the 5th anniversary of the date he ceases to hold positions in the First Service Holding Group Companies.

Pre-Completion Obligations

Exclusivity

The Management Vendors irrevocably undertook to the Offeror that from the date of the Management Share Transfer Agreement to the Completion Date or the termination of the Management Share Transfer Agreement (both dates inclusive):

- (a) not to directly or indirectly sell or transfer the Management Target Shares in any manner to any third party other than the Offeror or persons agreed by the Offeror, and shall not directly or indirectly create any encumbrances or other third-party rights and interests on any Management Target Shares in any manner; and
- (b) not to inquire, discuss or negotiate with any third party other than the Offeror or persons agreed by the Offeror in connection with the sale or transfer of any of the Management Target Shares or other transaction contemplated in paragraph (a) above in any manner.

Maintenance of the operations of the First Service Holding Group

The Management Vendors undertook to the Offeror that (i) during the Transition Period, if the Management Vendors and/or First Service Holding are aware of any information that may have a material adverse effect on the First Service Holding Group's continued holding of its licenses and qualifications for its business operations, the First Service Holding Group's financial conditions or prospects, the Management Vendors shall notify the Offeror in writing immediately; (ii) during the Transition Period, the Management Vendors shall safeguard the business reputation of the First Service Holding Group from any material adverse effect; and (iii) the Management Vendors shall procure that each member of the First Service Holding Group will not take or omit to take such action that will or may prejudice or adversely affect the transactions under the Management Share Transfer Agreement.

Guarantee by the Management Vendor Guarantors

Mr. Liu Peiqing and Mr. Long Han agreed to guarantee the obligations and responsibilities of the Management Vendors under the Management Share Transfer Agreement.

3. CDH Share Transfer Agreement

Transfer of CDH Target Shares

The Offeror conditionally agreed to acquire and CDH conditionally agreed to sell 86,424,000 Shares, representing approximately 8.64% of the entire issued share capital of First Service Holding as at the date of this joint announcement, for a consideration of RMB185,811,600 (equivalent to approximately HK\$ 226,147,218), representing RMB2.15 per Share (equivalent to approximately HK\$2.6167 per Share) (subject to adjustment set out in the section headed "Consideration Adjustment for the CDH Target Shares" below).

Payment of Consideration for the CDH Target Shares

The consideration for CDH Target Shares will be paid by the Offeror to the CDH in cash upon completion of the CDH Share Transfer Agreement.

Consideration Adjustment for the CDH Target Shares

If the consideration under the CS Share Transfer Framework Agreement is adjusted, the consideration of the CDH Target Shares will be adjusted according to such adjusted price per CS Target Share. The basis of and the triggering events for the adjustment are set out in the paragraph headed “Consideration Adjustment after Due Diligence (the “**Due Diligence Adjustment**”)” under the section headed “II. Share Transfer Agreements – 1. CS Share Transfer Framework Agreement”.

Conditions Precedent of the CDH Share Transfer Agreement

Completion of the CDH Share Transfer Agreement is subject to the fulfillment or waiver of the following conditions:

- (a) First Service Holding and the Offeror have issued this joint announcement;
- (b) the warranties made by CDH in the CDH Share Transfer Agreement remaining true, accurate and correct on the date of the CDH Share Transfer Agreement and the date of Completion thereunder;
- (c) CDH having complied with its pre-Completion obligations as elaborated in the section headed “Pre-Completion Obligations” below in all material aspects;
- (d) no government authority having proposed or formulated any laws, regulations or decisions, or taken any measures or actions that will prohibit, restrict or substantially delay, the transactions contemplated under the CS Share Transfer Framework Agreement;
- (e) all third party consents, approvals and notices necessary or required as a result of the entering into of the transactions contemplated under the CDH Share Transfer Agreement under contracts to which any First Service Holding Group Company is a party having been obtained;
- (f) during the period from the date of CDH Share Transfer Agreement to the Completion Date, the Shares remaining listed and traded on Stock Exchange, and First Service Holding has not received any indication from the SFC and/ or Stock Exchange that the listing of the Shares on the Stock Exchange will be revoked or objected (save for any trading suspension pending the Executive or the Stock Exchange confirming that they have no further comments on this joint announcement); and

- (g) Completion of the other Share Transfer Agreements having taken place, and the consideration per Share for the acquisition of the Target Shares by the Offeror under the other Share Transfer Agreements shall be equal to the consideration per Share under the CDH Share Transfer Agreement.

The Offeror has the right to waive the above conditions precedent in whole or in part. CDH does not have any right to waive any of the above conditions precedent in whole or in part.

If the conditions precedent above are not fulfilled or (if applicable) waived on or before the Completion Date, either party may terminate the CDH Share Transfer Agreement.

In respect of the condition precedent set out in paragraph (e) above, as at the date of this joint announcement, CDH and First Service Holding are not aware of any such necessary third party consents, approvals and notices in relation to transactions contemplated under the CDH Share Transfer Agreement.

In respect of the condition precedent set out in paragraph (g) above, as the consideration per Share for the acquisition of the Target Shares under each of the Share Transfer Agreements is the same (being RMB2.15 per Share), and in the event that the consideration under the CS Share Transfer Framework Agreement will be adjusted, the consideration of the CDH Target Shares will be adjusted according to such adjusted price per CS Target Share. Therefore, the condition precedent set out in paragraph (g) above with respect to the consideration per Share has been fulfilled.

Completion of the CDH Share Transfer Agreement

If Completion of the CDH Share Transfer Agreement does not take place on the Completion Date due to any failure by the Offeror or CDH (as the case may be) to comply with the obligations to be performed upon Completion, the non-defaulting party may elect to terminate the CDH Share Transfer Agreement.

The Completion Date of the CDH Share Transfer Agreement shall be the Completion Date under the CS Share Transfer Framework Agreement, or such other date as the Offeror may notify CDH in writing.

Pre-Completion Obligations

CDH irrevocably undertook to the Offeror that from the date of the CDH Share Transfer Agreement to the Completion Date or the termination of the CDH Share Transfer Agreement (both dates inclusive):

- (a) not to directly or indirectly sell or transfer the CDH Target Shares in any manner to any third party other than the Offeror or persons agreed by the Offeror, and shall not directly or indirectly create any encumbrances or other third-party rights and interests on any CDH Target Shares in any manner; and
- (b) not to inquire, discuss or negotiate with any third party other than the Offeror or persons agreed by the Offeror in connection with the sale or transfer of any of the CDH Target Shares or other transaction contemplated in paragraph (a) above in any manner.

Agreement between CDH and certain First Service Shareholders

As disclosed in the prospectus of First Service Holding dated 12 October 2020, an agreement was entered into between, amongst others, Mr. Zhang Lei, Mr. Zhang Peng, Glorious, Cedar Group Management Limited (a company wholly owned by Mr. Zhang Lei), First Assets and CDH, pursuant to which CDH is entitled to a right to the Guaranteed Return as set out below.

Right to Guaranteed Return

CDH shall be entitled to a guaranteed fixed return (the “**Guaranteed Return**”) representing a compound return rate of 19% per annum for the period commencing 5 July 2017 to 4 July 2021 or the date of sale of shares by CDH (whichever is earlier) on the total investment costs of CDH of RMB60 million.

In the event that CDH sells all or part of its Shares on or before 31 December 2022, any difference between the actual proceeds from such sale of Shares (as adjusted by any dividend distributed or to be distributed by First Service Holding and First Property Management (Beijing) Co., Ltd.* (第一物業服務(北京)有限公司) (a wholly-owned subsidiary of First Service Holding) and the Guaranteed Return shall be settled as follows:

- (a) any excess of sale proceeds above the Guaranteed Return shall be paid by CDH to Glorious, Cedar Group Management Limited and First Assets; and
- (b) any shortfall of sale proceeds below the Guaranteed Return shall be paid by Glorious, Cedar Group Management Limited and First Assets to CDH.

Based on the terms as set out in the section headed “CDH Share Transfer Agreement” in this joint announcement, it is expected that CDH will pay an amount representing the excess above the Guaranteed Return to Glorious, Cedar Group Management Limited and First Assets upon the completion of the transfer of the CDH Target Shares. Each of Glorious, Cedar Group Management Limited and First Assets will conduct further discussion as to the proportion to such amount paid by CDH which it shall be entitled to.

III. BASIS OF CONSIDERATION UNDER THE SHARE TRANSFER AGREEMENTS

The consideration for the Target Shares was determined following arm’s length negotiation between the Offeror and the Vendors with reference to the total equity attributable to equity holders and cash of First Service Holding as at 30 June 2021 amounting to approximately RMB674 million and RMB548 million respectively, the actual realized profit attributable to the First Service Shareholders in the six months ended 30 June 2021 in the amount of approximately RMB65.24 million, the prevailing market valuation of industry peers, and the business scale and growth potential of First Service Holding.

IV. DISCLOSEABLE TRANSACTION FOR SUNAC SERVICES

Reasons for and Benefits of the Acquisition

First Service Holding was among the Top 23 of the 2021 Top 100 Property Management Companies in China (2021 年中國物業企業百強榜). Its shares were listed on the Hong Kong Stock Exchange in October 2020, and it mainly provides property management services and green living services.

For property management, as at 30 June 2021, the contracted gross floor area of First Service Holding was approximately 72,994,000 square meters, and the gross floor area under management was approximately 53,202,000 square meters. Most of the projects under its management are located at first – and second-tier cities such as Beijing, Xi’an, Changsha and Taiyuan. It has managed various high-end, well-known projects such as Beijing Dang Dai MOMA Beijing Wanguocheng MOMA, Suzhou Fu MOMA and Nanjing Wanguocheng MOMA. The layout of non-residential business is extensive, accounting for approximately 60% of the gross floor area under management, covering office buildings, hospitals, colleges and universities, industrial parks, and others⁽¹⁾.

In respect of green living services, First MOMA Human Environment Technology (Beijing) Co., Ltd. (“**First Living**”), a non-wholly owned subsidiary of First Service Holding, is one of the earliest companies in the industry to carry out the research and development and application of the four constant technologies of “constant temperature (恒溫), constant humidity (恒濕), constant oxygen (恒氧), and constant tranquility (恒靜)”. Its scope of business comprises of green technology consulting, systems installation services energy operation services and building technology products, and others. After years of development, First Service Holding has rich experience and technical advantages in the area of green living. Currently, it owns 55 patented technologies, 38 Green Building Star Certificate and 28 energy operation projects. Also, it participated in the compilation and revision of multiple industry standards, including the Assessment Standard for Ultra-Low-Energy Buildings, the Assessment Standard for Healthy Buildings etc. First Living not only serves projects developed by its related real estate companies, but also provides green living solutions for many third-party projects such as Beijing Jinyu Xishan A1, Beijing Prime Hotel, Tahoe Beijing Mansion and Xi ‘an Wutong Apartment Hotel. Its professional capabilities have been widely recognized by the market.¹

In July 2020, “The Action Plan for Green Building Construction” (《綠色建築創建行動方案》) was jointly issued by seven ministries including the Ministry of Housing and Urban-Rural Development, clearly stating that “By 2022, the proportion of green buildings in urban new buildings will reach 70% that year”, “The health performance of residences is continuously improved, and the relevant residential standards are implemented to improve the health performance indicators such as the building’s indoor air, water quality, and sound insulation”, “Strengthen the research and development of green building technology, actively explore the application of new technologies such as 5G, Internet of Things, artificial intelligence and construction robots in the area of engineering construction, and promote the integrated development of green construction and new technologies”. In terms of policies, planning and guidance have been put forward for the green, healthy, and technological aspects of residential buildings. Meanwhile, an increasing number of key cities started implementing “competitive quality” land auction rules, and specific requirements have been imposed on “green buildings”, “ultra-low energy buildings” and “healthy buildings”. Real estate developers will continue to increase their investments in the relevant fields. It is believed that First Living, as a pioneer in the green service industry, will be greeted by huge development opportunities with its years of accumulation and advantages.

Note 1: Information about property management, Green Living Business and others was obtained from the First Service Holding 2021 Interim Report or from information provided by the CS Vendors.

The Acquisition will significantly increase the scale of the Sunac Services Group's property management, enhance the Sunac Services Group's management density in core cities, expand its market share and business capacity in non-residential sectors, and strengthen the overall competitiveness and market influence of the Sunac Services Group in the area of property management service. More importantly, through the Acquisition, the Sunac Services Group will have core competence and competitive advantage in the field of green living services. The related real estate companies controlled by CS Vendors will continue to provide relevant business support. Before the Acquisition, Sunac China, the parent company of the Sunac Services Group, has continuously increased the development ratio of green buildings and healthy houses according to the market demand and policy guidance. First Living will cooperate deeply with Sunac China to consolidate and enhance its leading position in the field of green residential services and continuously expand its influence. In addition, First Living will also vigorously expand third-party projects to meet the growing demand of other real estate enterprises for green residential services. The Green Living Business will open up new growth space for the Sunac Services Group and further enhance the comprehensive service capability and market competitiveness of Sunac Services Group.

Based on the above, the Sunac Services Directors (including independent non-executive directors of Sunac Services) consider that the Acquisition is on normal commercial terms, fair and reasonable and is in the interests of the Sunac Services Shareholders as a whole.

Discloseable Transaction for Sunac Services – Implications Under the Listing Rules

As one or more of the applicable percentage ratios in respect of the Acquisition and the Offer are more than 5% and all of such ratios are below 25%, the Acquisition and the Offer constitute a discloseable transaction for Sunac Services under Chapter 14 of the Listing Rules, are subject to the reporting and announcement requirements but are exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

V. SHAREHOLDING STRUCTURE OF FIRST SERVICE HOLDING

As at the date of this joint announcement, First Service Holding has 1,000,000,000 Shares in issue. Save for the Shares in issue, there are no relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of First Service Holding in issue.

The following table sets out the shareholding structure of First Service Holding (i) as at the date of this joint announcement, (ii) immediately after Completion but before the Offer is made (and assuming that there are no other changes to the shareholdings in First Service Holding after the date of this joint announcement):

Name of First Service Shareholders	As at the date of this joint announcement		Immediately after Completion but before the Offer is made	
	Number of Shares held	Approximate % of Shares in issue	Number of Shares held	Approximate % of Shares in issue
The Offeror	–	–	322,163,000	32.2163%
Mr. Zhang Lei, Mr. Zhang Peng and the CS Vendors				
Glorious	334,926,750	33.4927%	291,775,000	29.1775%
Mr. Zhang Peng	8,225,000	0.8225%	8,225,000	0.8225%
Hao Fung	170,777,250	17.0777%	–	–
Mr. Zhang Lei	–	–	–	–
Sub-total	513,929,000	51.3929%	300,000,000	30.0000%
The Offeror and its concert parties	513,929,000	51.3929%	622,163,000	62.2163%
Mr. Liu Peiqing	310,000	0.0310%	–	–
Liu Pei Qing Management	10,988,750	1.0989%	–	–
Long Han Management	10,511,250	1.0511%	–	–
CDH	86,424,000	8.6424%	–	–
Mr. Jia Yan (<i>Note 1</i>)	4,499,977	0.4500%	4,499,977	0.4500%
Ms. Zhu Li (<i>Note 1</i>)	676,155	0.0676%	676,155	0.0676%
Mr. Jin Chungang (<i>Note 1</i>)	1,007,282	0.1007%	1,007,282	0.1007%
Scheme Trustee (<i>Note 2</i>)	8,900,000	0.8900%	8,900,000	0.8900%
Other public First Service Shareholders	362,753,586	36.2754%	362,753,586	36.2754%
Total Shares in issue	<u>1,000,000,000</u>	<u>100%</u>	<u>1,000,000,000</u>	<u>100%</u>

Notes:

- Each of Mr. Jia Yan, Ms. Zhu Li and Mr. Jin Chungang is an executive director of First Service Holding as at the date of this joint announcement.
- The Share Award Scheme was adopted by First Service Holding on 10 May 2021, pursuant to which the Scheme Trustee would purchase or subscribe for Shares to be held by it on behalf of the eligible participants of the Share Award Scheme.

As at the date of this joint announcement:

- the Scheme Trustee holds 8,900,000 Shares (representing approximately 0.89% of all the issued Shares) which remains unawarded; and
- no award has been made to any eligible participants of the Share Award Scheme since the adoption of the Share Award Scheme.

VI. POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER

The making of the Offer is subject to Completion which may or may not take place. Accordingly, the Offer may or may not be made.

As at the date of this joint announcement, other than the 322,163,000 Shares (representing approximately 32.22% of the issued share capital of First Service Holding) proposed to be acquired under the Share Transfer Agreements and the interests held by Mr. Zhang Lei, Mr. Zhang Peng and the CS Vendors, none of the Offeror, Sunac Services and any party acting in concert with any of them owns (or has control or direction over) any Shares, rights over Shares (including agreements to purchase, options, warrants, convertible securities, voting rights and irrevocable commitments to accept the Offer) or derivatives in respect of Shares.

Upon Completion, the Offeror and parties acting in concert with it (other than Mr. Zhang Lei, Mr. Zhang Peng and the CS Vendors) will hold a total of 322,163,000 Shares, representing approximately 32.22% of the issued share capital of First Service Holding as at the date of this joint announcement. In addition, Mr. Zhang Lei, Mr. Zhang Peng and the CS Vendors are presumed to be acting in concert with the Offeror classes (1) and (9) of the definition of “acting in concert” under the Takeovers Code. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror will be required to make the Offer for all the issued Shares (other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it (except Mr. Zhang Lei, Mr. Zhang Peng and the CS Vendors)).

Somerley has been appointed as the financial adviser to the Offeror. If the Offer is made, Somerley will, for and on behalf of the Offeror, make the Offer on the following terms in accordance with Rule 26.1 of the Takeovers Code.

Offer

Subject to and upon Completion, the Offer will be made on the following basis.

**HK\$2.6167 in cashfor each Share accepted
under the Offer**

The Offer Price will be equal to HK\$ equivalent of the purchase price per Share paid by the Offeror under the Share Transfer Agreements before taking into account any Due Diligence Adjustments and any deduction under the performance commitment arrangement. For the avoidance of doubt, the adjustment to the purchase price (if any) under the Share Transfer Agreements arising from the Due Diligence Adjustments (if any) will not result in a reduction in the Offer Price. The Offer, when made, will be unconditional in all respects.

Comparisons of value

Offer

The Offer Price of HK\$2.6167 per Share represents:

- (a) a premium of approximately 91.0% over the closing price of HK\$1.37 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 77.5% over the average closing price of HK\$1.474 per Share as quoted on the Stock Exchange over the last five consecutive trading days up to and including the Last Trading Day;
- (c) a premium of approximately 170.7% over the average closing price of HK\$0.9667 per Share as quoted on the Stock Exchange over the last 90 consecutive trading days up to and including the Last Trading Day;
- (d) a premium of approximately 219.1% over the unaudited consolidated net asset value per Share in First Service Holding of approximately RMB0.6737 (equivalent to HK\$0.8199 as at 30 June 2021, based on total equity attributable to equity holders in the latest published unaudited financial statements of First Service Holding of RMB 673,657,000 and 1,000,000,000 Shares in issue as at the date of this joint announcement); and
- (e) a premium of approximately 9.0% over the offer price of HK\$2.40 per Share under the initial public offering and listing of the Shares on the Stock Exchange.

Highest and lowest trading prices

During the six-month period immediately preceding the Last Trading Day, the highest closing price of Shares as quoted on the Stock Exchange was HK\$1.53 on 5 October 2021 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.80 on 20 August 2021.

Total consideration for the Offer

On the basis of the Offer Price and 677,837,000 Shares which will be subject to the Offer (including the Shares held by Glorious, Mr. Zhang Peng and the other public First Service Shareholders after Completion but before the Offer is made, representing the Shares not already held or to be acquired by the Offeror and parties acting in concert with it (except Mr. Zhang Lei, Mr. Zhang Peng and the CS Vendors)), in the event that the Offer is accepted in full, the aggregate amount payable by the Offeror under the Offer will be approximately HK\$1,773,696,078.

Terms of the Offer

Under the terms of the Offer, the Offer Shares will be acquired fully paid and free from all Encumbrances together with all rights attached thereto on or after the date on which the Offer is made, being the date of despatch of the Composite Document, including the right to receive in full all dividends and other distributions, if any, declared, made or paid, on or after the date on which the Offer is made, being the date of despatch of the Composite Document.

First Service Holding confirms that as at the date of this joint announcement, (a) it does not have any outstanding dividend that has been declared, made but not yet paid; and (b) it does not have any intention to make, declare or pay any future dividend/make other distributions from the date of this joint announcement until the close of the Offer.

As at the date of this joint announcement, First Service Holding does not have any outstanding convertible securities, warrants, options or derivatives in respect of any Shares.

Confirmation of Financial Resources

Sunac Services intends to finance and satisfy the total maximum consideration payable (including the stamp duty payable) under the Offer and the transaction under the Share Transfer Agreements with its own internal resources, including using the net proceeds from the listing of the shares of Sunac Services.

Somerley is satisfied that there are sufficient financial resources available to the Offeror to satisfy the maximum cash consideration for the total consideration under the Share Transfer Agreements and the Offer.

Effect of Accepting the Offer

By accepting the Offer, the accepting Offer Shareholders will sell their tendered Shares fully paid and free from all Encumbrances, together with all rights attached thereto on or after the date on which the Offer is made, being the date of despatch of the Composite Document, including the right to receive in full all dividends and other distributions, if any, declared, made or paid, on or after the date on which the Offer is made, being the date of despatch of the Composite Document.

Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong Stamp Duty

Seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by each Offer Shareholder at the rate of 0.13% of (i) the consideration payable by the Offeror for such person's Shares or, (ii) the market value of the Offer Shares subject to such acceptance (whichever is higher), and will be deducted from the cash amount due to such accepting Offer Shareholder. The Offeror will arrange for payment of sellers' ad valorem stamp duty on behalf of such accepting Offer Shareholders and pay the buyer's ad valorem stamp duty and will account to the Stamp Office of Hong Kong for all stamp duty payable on the sale and purchase of Offer Shares in respect of which valid acceptances are received under the Offer.

Payment

Payment in cash in respect of acceptances of the Offer (after deducting the accepting Offer Shareholders' share of stamp duty) will be made as soon as possible but in any event within seven Business Days of the date of receipt of a duly completed acceptance. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offer complete and valid.

Overseas First Service Shareholders

The making of the Offer to persons not resident in Hong Kong may be affected by the laws and regulations of the relevant jurisdictions. Such persons should inform themselves about and observe any applicable legal, tax and regulatory requirements in their own jurisdictions. It is the responsibility of any overseas First Service Shareholders wishing to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdictions in connection with the Offer, including obtaining any governmental, exchange control or other consents which may be required, or compliance with other necessary formalities and the payment of any issue, transfer or other taxes due from the accepting First Service Shareholder in such jurisdiction.

Any acceptance by any First Service Shareholder will be deemed to constitute a representation and warranty from such First Service Shareholder to the Offeror that the local laws and requirements have been complied with. The First Service Shareholders should consult their professional advisers if in doubt.

Tax advice

First Service Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offer. The Offeror, First Service Holding and any of their respective directors, officers, or associates or any persons involved in the Offer accepts no responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Independent Board Committee and Independent Financial Adviser of First Service Holding

The Independent Board Committee comprising Ms. Sun Jing, Ms. Zhu Caiqing and Mr. Cheng Peng (each an independent non-executive director of First Service Holding) who have no direct or indirect interest in the Offer, has been formed to advise the Offer Shareholders and to make recommendations as to the fairness and reasonableness of the Offer and as to the acceptance of the Offer. As (a) Mr. Zhang Peng (a non-executive director of First Service Holding) is the sole shareholder of Hao Fung (a CS Vendor) and (b) Mr. Long Han (a non-executive director of First Service Holding) is the sole shareholder of Long Han Management (a Management Vendor), each of Mr. Zhang Peng and Mr. Long Han is or may be regarded as interested in the Offer, and is not included as a member of the Independent Board Committee.

Shenwan Hongyuan, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities (as defined under the SFO), has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Offer, and in particular as to the fairness and reasonableness of the Offer and as to the acceptance of the Offer in due course. Such appointment has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

Composite Document

It is the intention of the respective board of directors of the Offeror and First Service Holding to combine the offer document and the offeree board circular into a composite offer document. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document containing, among other things, the terms of the Offer (including the expected timetable), the letter from the Independent Board Committee in relation to the Offer, the letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer, and the relevant forms of acceptance and transfer of the Shares is required to be despatched to the First Service Shareholders within 21 days of the date of this joint announcement (or such later date as the Executive may approve). If the conditions to Completion cannot be satisfied or (if applicable) waived within 21 days of the date of this joint announcement, the Offeror will apply for the consent of the Executive under Note 2 to Rule 8.2 of the Takeovers Code for an extension of time for despatching the Composite Document to 7 days after Completion or 10 June 2022, whichever is the earlier.

VII. OFFEROR'S INTENTION IN RELATION TO THE FIRST SERVICE HOLDING GROUP

Proposed change to the board composition of First Service Holding Board

The First Service Holding Board currently comprises four executive directors, two non-executive directors and three independent non-executive directors. The Offeror intends to nominate new directors for appointment to the First Service Holding Board with effect from the earliest time permitted under the Takeovers Code.

As at the date of this joint announcement, the Offeror has not reached any final decisions as to who will be nominated as new First Service Holding Directors. Any changes to the First Service Holding Board will be made in compliance with the Takeovers Code and the Listing Rules and a further announcement will be made accordingly.

Compulsory acquisition and withdrawal of listing of First Service Holding

The Offeror intends to avail itself of exercising the right under section 88 of the Companies Law to compulsorily acquire those Shares not acquired by the Offeror under the Offer if, within four months after the despatch of the Composite Document, it has acquired not less than 90% of the Offer Shares and 90% of the Disinterested Shares in accordance with Rule 2.11 of the Takeovers Code. On completion of the compulsory acquisition (if applicable), First Service Holding will become a wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

In the event that the Offeror does not effect the compulsory acquisition of the remaining Shares not acquired by the Offeror under the Offer, whether by reason of the level of acceptances of the Offer not reaching the prescribed thresholds under the Companies Law or the Takeovers Code or otherwise, the Offeror will take such steps as are necessary to ensure, or procure First Service Holding to take such steps as are necessary to ensure, that First Service Holding will have an adequate public float so as to comply with the applicable requirements under the Listing Rules.

Public Float of First Service Holding

If the Offeror does not effect the compulsory acquisition set out above, the Shares will remain listed on the Stock Exchange. In such case, if at the close of the Offer, less than 25% of the Shares (being the minimum public float applicable to the Company) are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange may exercise its discretion to suspend dealings in the Shares. In that connection, it should be noted that, upon completion of the Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a prescribed level of public float is attained.

VIII. General Information

Information on First Service Holding Group

First Service Holding is an investment holding company, whose shares have been listed on the Main Board of the Stock Exchange since October 2020. The principal activities of First Service Holding Group are provision of property management services, green living solutions and value-added services.

Set out below is a summary of the audited consolidated results of First Service Holding Group for each of the two years ended 31 December 2019 and 2020, and its unaudited consolidated results for the six months ended 30 June 2021, as extracted from First Service Holding's 2020 annual report and First Service Holding's 2021 interim report, respectively:

	For the six months ended 30 June 2021 (Unaudited) RMB'000	For the year ended 31 December 2020 (Audited) RMB'000	For the year ended 31 December 2019 (Audited) RMB'000
Revenue	508,764	771,799	624,679
Profit before income tax	93,234	123,913	106,884
Profit after income tax	71,753	101,851	83,862

The unaudited consolidated net assets of First Service Holding Group as at 30 June 2021 were approximately RMB715,282,000. The audited consolidated net assets of First Service Holding Group as at 31 December 2020 and 2019 were approximately RMB674,309,000 and RMB276,708,000, respectively.

Information on the Offeror and Sunac Services

The Offeror is a company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding. The Offeror is a wholly-owned subsidiary of Sunac Services, and Sunac Services is an exempted company incorporated in the Cayman Islands with limited liability, the shares of which have been listed on the Main Board of the Stock Exchange (Stock Code: 01516). Sunac Services Group is principally engaged in providing property management services, community living services and value-added services to non-property owners.

Information on the Vendors, the CS Vendor Guarantors and the Management Guarantors

Glorious is a company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding. As at the date of this joint announcement, Mr. Zhang Lei is the ultimate sole beneficial owner of Glorious.

Hao Fung is a company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding. As at the date of this joint announcement, Mr. Zhang Peng is the ultimate sole beneficial owner of Hao Fung.

Liu Pei Qing Management is a company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding. As at the date of this joint announcement, Mr. Liu Peiqing is the ultimate sole beneficial owner of Liu Pei Qing Management.

Long Han Management is a company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding. As at the date of this joint announcement, Mr. Long Han is the ultimate sole beneficial owner of Long Han Management.

As at the date of this joint announcement, Mr. Zhang Peng is one of the controlling shareholders of First Service Holding. Mr. Zhang Peng is a non-executive director and the chairman of First Service Holding, who is mainly responsible for formulating and leading the overall development strategy and business plan of the First Service Holding Group. As at the date of this joint announcement, the group of controlling shareholders of First Service Holding comprises Mr. Zhang Lei, Mr. Zhang Peng, Glorious and Hao Fung.

As at the date of this joint announcement, Mr. Zhang Lei is one of the controlling shareholders of First Service Holding.

First Assets is a company established in the PRC with limited liability and principally engaged in investment holding. As at the date of this joint announcement, First Assets is ultimately beneficially owned as to 99.9% by Mr. Zhang Peng and as to 0.1% by Mr. Long Han.

Mr. Liu Peiqing is an executive director, co-CEO and a general manager of First Service Holding, who is mainly responsible for formulating and implementing the strategic business goals of the First Service Holding Group, and overseeing the daily management and overall operation of the property management business of the First Service Holding Group.

Mr. Long Han is a non-executive director of First Service Holding, who is mainly responsible for formulating and leading the overall development strategy and business plan of the Group.

CDH is a limited partnership incorporated in the PRC, its general partner is Dinghui Equity Investment Management (Tianjin) Company Limited, and Wu Shangzhi and Jiao Shuge are the ultimate actual controllers of CDH.

Glorious, Hao Fung, First Assets, Liu Pei Qing Management, Long Han Management and CDH and their ultimate beneficial owners, as well as Mr. Zhang Lei, Mr. Zhang Peng, Mr. Liu Peiqing and Mr. Long Han, are third parties independent of Sunac Services.

Other Arrangements

As at the date of this joint announcement:

- (a) none of the Offeror, Sunac Services and any person acting in concert with any of them has received any irrevocable commitment to accept the Offer;
- (b) save as disclosed below, none of the Offeror, Sunac Services and any person acting in concert with any of them had dealt for value in any Shares, convertible securities, warrants or options of First Service Holding or any derivatives in respect of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of First Service Holding in the 6 months prior to the date of this joint announcement:

Name	Date of transaction (DD/MM/YY)	Nature of transaction	On/off the Stock Exchange	Number of Shares involved	Average transaction price per Shares (HK\$)
Cedar Group Management Limited (<i>Note</i>)	25/8/2021	Sale	Off	63,782,250	0.86
Glorious	14/7/2021	Purchase	On	3,150,000	0.93
Mr. Zhang Peng	14/5/2021	Purchase	On	95,000	0.9605
Mr. Zhang Peng	10/5/2021	Purchase	On	5,000	1.0000

Note: As at the date of this joint announcement, Cedar Group Management Limited is a company wholly-owned by Mr. Zhang Lei. As disclosed in the announcements dated 29 July 2021 and 4 August 2021 of First Service Holding, Cedar Group Management Limited adopted a share award scheme. All of the 63,782,250 Shares held by Cedar Group Management Limited were granted and vested in favour of the eligible participants under such share award scheme on 25 August 2021.

- (c) save for the Share Transfer Agreements and the share charges entered into or proposed to be entered into by the CS Vendors in favour of the Offeror pursuant to the CS Share Transfer Framework Agreement as described in the section headed “II. SHARE TRANSFER AGREEMENTS – 1. CS Share Transfer Framework Agreement – CS Target Shares Transfer” in this joint announcement: (i) there are no arrangements (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or shares of the Offeror or Sunac Services which might be material to the Offer; and (ii) there is no agreement or arrangement to which the Offeror, Sunac Services (nor any person acting in concert with any of them) is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a condition precedent or a condition to the Offer;
- (d) there are no relevant securities in First Service Holding which the Offeror, Sunac Services (or any person acting in concert with any of them) has borrowed or lent, save for any borrowed shares which have been either on-lent or sold;

- (e) save for the consideration under the Share Transfer Agreements, there is no other consideration, compensation or benefits in whatever form paid or to be paid by the Offeror, Sunac Services or any parties acting in concert with any of them to any of the Vendors and any party acting in concert with any of them in connection with the sale and purchase of the Target Shares under the Share Transfer Agreements;
- (f) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror, Sunac Services or any parties acting in concert with any of them on the one hand, and any of the Vendors and any parties acting in concert with any of them on the other hand; and
- (g) there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (a) any First Service Shareholder; and (b)(i) the Offeror, Sunac Services and any parties acting in concert with any of them, or (b)(ii) First Service Holding, its subsidiaries or associated companies.

Interest in Shares

Save for the Target Shares and relevant share charges to be acquired under the Share Transfer Agreements and the interests held by Mr. Zhang Lei, Mr. Zhang Peng and the CS Vendors (whose shareholdings are disclosed in the shareholding table set out in the section headed “V. SHAREHOLDING STRUCTURE OF FIRST SERVICE HOLDING” above), none of the Offeror, Sunac Services and any person acting in concert with any of them owns (or has control or direction over) any Shares, rights over the Shares (including agreements to purchase, options, warrants, convertible securities, voting rights and irrevocable commitments to accept the Offer) or derivatives in respect of Shares.

WARNING:

First Service Holding Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Offer Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendation of the Independent Board Committee in respect of the Offer and the letter of advice from the Independent Financial Adviser.

The Offer will only be made if Completion takes place. Completion is conditional upon the fulfillment or waiver of the conditions described in the sections headed “Conditions Precedent of the CS Share Transfer Framework Agreement”, “Conditions Precedent of the Management Share Transfer Agreement”, and “Conditions Precedent of the CDH Share Transfer Agreement” in this joint announcement. Accordingly, the Offer may or may not be made. Shareholders of Sunac Services and First Service Holding, and potential investors are advised to exercise caution in dealing in the securities of Sunac Services and First Service Holding. If shareholders of Sunac Services and First Service Holding, and potential investors are in any doubt about their position, they should consult their own professional advisers.

Disclosure of Dealings

In accordance with Rule 3.8 of the Takeovers Code, Associates of First Service Holding, the Offeror or Sunac Services (including persons holding 5% or more of a class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of First Service Holding, the Offeror or Sunac Services) are reminded to disclose their dealings in the securities of First Service Holding pursuant to the Takeovers Code.

The full text of Note 11 of Rule 22 of the Takeovers Code is reproduced below pursuant to Rule 3.8 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

IX. RESUMPTION OF TRADING IN THE SHARES

At the request of First Service Holding, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 8 October 2021 pending the release of this joint announcement. Application has been made by First Service Holding for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 1 November 2021.

Definitions

Unless the context requires otherwise, the following terms have the following meanings in this joint announcement:

“Acquisition”	the acquisition of the Target Shares by the Offeror from the Vendors pursuant to the terms of the Share Transfer Agreements;
“acting in concert”	has the meaning given to it in the Takeovers Code, and “persons acting in concert” and “concert parties” should be construed accordingly;
“Agreed Threshold”	has the meaning given to it in the section headed “Consideration Adjustment after Due Diligence (the “ Due Diligence Adjustment ”)” in the section headed “II. Share Transfer Agreements – 1. CS Share Transfer Framework Agreement” in this joint announcement;
“Amount Available for CS Vendors”	has the meaning given to it in the section headed “Compensation by the CS Vendors to the Offeror” in the section headed “II. Share Transfer Agreements – 1. CS Share Transfer Framework Agreement” in this joint announcement;
“Associate(s)”	has the meaning given to it in the Takeovers Code;

“Business Day”	a day on which the Stock Exchange is open for the transactions of business, and in respect of references to the Share Transfer Agreements, “business day” refers to any day that banks in Hong Kong and mainland PRC are generally open for business (excluding Saturdays, Sundays or public holidays and any day on which typhoon signal No. 8 or above or “black rainstorm warning signal” is hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m);
“CDH”	Shanghai CDH Yaojia Venture Capital Center (Limited Partnership) (上海鼎暉耀家創業投資中心(有限合夥)), a limited partnership established in the PRC, whose general partner is Dinghui Equity Investment Management (Tianjin) Company Limited (鼎暉股權投資管理(天津)有限公司);
“CDH Share Transfer Agreement”	the share transfer agreement dated 7 October 2021 entered into between Offeror and CDH, pursuant to which, CDH has conditionally agreed to sell, and the Offeror has conditionally agreed to purchase, the CDH Target Shares;
“CDH Target Shares”	86,424,000 Shares proposed to be transferred under the CDH Share Transfer Agreement, representing approximately 8.64% of the entire issued share capital of First Service Holding as at the date of this joint announcement;
“Companies Law”	the Companies Law (2020 Revision) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time;
“Completion”	completion of the sale and purchase of Target Shares according to the terms and conditions of the Share Transfer Agreements;
“Completion Date”	the date on which Completion takes place;
“Composite Document”	the composite offer and response document to be issued jointly by the Offeror and First Service Holding to all the First Service Shareholders in accordance with the Takeovers Code containing, amongst other things, the detailed terms of the Offer;

“Core Management”	the president, vice president, general manager, person-in-charge of finance department, person-in-charge of centres and management areas, level 9 above staff of any First Service Holding Group Companies, and persons-in-charge of Shandong Shangcheng Property Services Co., Ltd.* (山東上誠物業服務有限公司) and Dalian Yahang Property Management Co., Ltd.* (大連亞航物業管理有限公司) (each a non-wholly owned subsidiary of First Service Holding);
“CS Share Transfer Framework Agreement”	the share transfer framework agreement dated 7 October 2021 entered into between the CS Vendors and the Offeror, pursuant to which, the CS Vendors have conditionally agreed to sell, and the Offeror has conditionally agreed to purchase, the CS Target Shares;
“CS Target Shares”	213,929,000 Shares proposed to be transferred by the CS Vendors to the Offeror under the CS Share Transfer Framework Agreement, representing approximately 21.39% of the entire issued share capital of First Service Holding as at the date of this joint announcement;
“CS Vendor Guarantors”	Mr. Zhang Lei, Mr. Zhang Peng and First Assets
“CS Vendors”	Glorious and Hao Fung;
“CS Vendors Final Consideration Payment”	has the meaning given to it in the section headed “Payment of Consideration for the CS Target Shares” in the section headed “II. Share Transfer Agreements – 1. CS Share Transfer Framework Agreement” in this joint announcement;
“CS Vendors First Final Payment”	has the meaning given to it in the section headed “Payment of the CS Vendors Final Consideration Payment in accordance with the performance commitment arrangement” in the section headed “II. Share Transfer Agreements – 1. CS Share Transfer Framework Agreement” in this joint announcement;
“CS Vendors Second Consideration Payment”	has the meaning given to it in the section headed “Payment of Consideration for the CS Target Shares” in the section headed “II. Share Transfer Agreements – 1. CS Share Transfer Framework Agreement” in this joint announcement;

“CS Vendors Second Final Payment”	has the meaning given to it in the section headed “Payment of the CS Vendors Final Consideration Payment in accordance with the performance commitment arrangement” in the section headed “II. Share Transfer Agreements – 1. CS Share Transfer Framework Agreement” in this joint announcement;
“Deposits”	collectively, the First Deposit and the Second Deposit;
“Difference Compensation Amount”	has the meaning given to it in the section headed “Compensation by the CS Vendors to the Offeror” in the section headed “II. Share Transfer Agreements – 1. CS Share Transfer Framework Agreement” in this joint announcement;
“Disinterested Shares”	all Shares other than those held by the Offeror and parties acting in concert with it;
“Due Diligence Adjustment”	has the meaning given to it in the section headed “Consideration Adjustment after Due Diligence (the “ Due Diligence Adjustment ”)” in the section headed “II. Share Transfer Agreements – 1. CS Share Transfer Framework Agreement” in this joint announcement;
“Encumbrances”	a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including without limitation, a title transfer or retention arrangement) having similar effect;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time or any of its delegates;
“First Closing Date”	the date to be stated in the Composite Document as the first closing date of the Offer (or any subsequent closing date as may be decided and announced by the Offeror and approved by the Executive);
“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 in the PRC with limited liability, which is ultimately beneficially owned as to 99.9% by Mr. Zhang Peng and as to 0.1% by Mr. Long Han

“First Deposit”	has the meaning given to it in the section headed “Refundable Deposit” in the section headed “II. Share Transfer Agreements – 1. CS Share Transfer Framework Agreement” in this joint announcement;
“First Living”	has the meaning given to it in the section headed “IV. DISCLOSEABLE TRANSACTION FOR SUNAC SERVICES” in this joint announcement;
“First Service Holding”	First Service Holding Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange (Stock Code: 2107);
“First Service Holding Board”	the board of directors of First Service Holding;
“First Service Holding Directors”	the directors of First Service Holding;
“First Service Holding Group Company(ies)”	any company(ies) of First Service Holding Group;
“First Service Holding Group”	First Service Holding and its subsidiaries;
“First Service Shareholder(s)”	the holder(s) of Share(s);
“Formal Agreement”	the formal agreement to be entered into by the parties to the CS Share Transfer Framework Agreement in respect of further terms and conditions in respect of the transactions under the CS Share Transfer Framework Agreement;
“Glorious”	Glorious Group Holdings Limited (世家集團控股有限公司), a company incorporated in the BVI with limited liability, the ultimate sole beneficial owner of which is Mr. Zhang Lei;
“Green Living Business”	business comprising green technology consulting, systems installation services, sales of AIRDINO series products and energy operation and maintenance services;

“Guaranteed Return”	has the meaning given to it in the section headed “Agreement between CDH and certain First Service Shareholders” in the section headed “II. Share Transfer Agreements – 3. CDH Share Transfer Agreement” in this joint announcement;
“Hao Fung”	Hao Fung Investment Limited (皓峰投資有限公司), a company incorporated in the BVI with limited liability, the ultimate sole beneficial owner of which is Mr. Zhang Peng;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent committee of the First Service Holding Board formed for the purpose of advising the Offer Shareholders and making a recommendation to the Offer Shareholders as to whether the Offer is fair and reasonable and as to acceptance of the Offer;
“Independent Financial Adviser” or “Shenwan Hongyuan”	Shenwan Hongyuan Capital (H.K.) Limited, a wholly owned subsidiary of Shenwan Hongyuan (H.K.) Limited (stock code: 218.hk) and a non-wholly owned subsidiary of Shenwan Hongyuan Group Co., Ltd. (stock codes: 000166.sz and 6806.hk), being the independent financial adviser appointed to advise the Independent Board Committee in connection with the Offer and, in particular, as to whether the Offer is fair and reasonable and as to acceptance, which is a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO;
“Last Trading Day”	7 October 2021, being the last trading day in the Shares prior to the publication of this joint announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Liu Pei Qing Management”	Liu Pei Qing Management Limited (劉培慶管理有限公司), a company incorporated in the BVI with limited liability, the ultimate sole beneficial owner of which is Mr. Liu Peiqing;
“Long Han Management”	Long Han Management Limited (龍哈管理有限公司), a company incorporated in the BVI with limited liability, the ultimate sole beneficial owner of which is Mr. Long Han;
“Long Stop Date”	30 November 2021 (as may be amended or postponed from time to time in accordance with the terms of such Share Transfer Agreements), or such other date as Vendors and Offeror may agree in writing;
“Main Board”	the stock exchange operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange;
“Management Share Transfer Agreement”	the share transfer framework agreement dated 7 October 2021 between Management Vendors and the Offeror, pursuant to which Management Vendors conditionally agreed to sell and the Offeror conditionally agreed to purchase the Management Target Shares;
“Management Target Shares”	21,810,000 Shares proposed to be transferred under the Management Share Transfer Agreement, representing approximately 2.18% of the entire issued share capital of First Service Holding as at the date of this joint announcement;
“Management Vendor Guarantors”	Mr. Liu Peiqing and Mr. Long Han
“Management Vendors”	Liu Pei Qing Management, Long Han Management and Liu Peiqing;

“Management Vendors Final Consideration Payment”	has the meaning given to it in the section headed “Payment of Consideration for the Management Target Shares” in the section headed “II. Share Transfer Agreements – 2. Management Share Transfer Agreement” in this joint announcement;
“Management Vendors First Final Payment”	has the meaning given to it in the section headed “Payment of the Management Vendors Final Consideration Payment in Accordance with the Performance Commitment Arrangement” in the section headed “II. Share Transfer Agreements – 2. Management Share Transfer Agreement” in this joint announcement;
“Management Vendors Second Final Payment”	has the meaning given to it in the section headed “Payment of the Management Vendors Final Consideration Payment in Accordance with the Performance Commitment Arrangement” in the section headed “II. Share Transfer Agreements – 2. Management Share Transfer Agreement” in this joint announcement;
“Offer”	the unconditional mandatory cash offer by Somerley on behalf of the Offeror to acquire all of the issued and to be issued Shares (other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it (except Mr. Zhang Lei, Mr. Zhang Peng and the CS Vendors) at the time the Offer is made) at the Offer Price in accordance with the Takeovers Code;
“Offeror”	Sunac Services Investment III Limited, a company incorporated in the British Virgin Islands with limited liability;
“Offer Price”	the cash amount of HK\$2.6167 per Share payable by the Offeror to the relevant Offer Shareholders for each Share accepted under the Offer;
“Offer Share(s)”	Share(s) subject to the Offer;
“Offer Shareholder(s)”	holder(s) of Share(s), other than the Offeror and parties acting in concert with it (except Mr. Zhang Lei, Mr. Zhang Peng and the CS Vendors). For the avoidance of doubt, each of Mr. Zhang Lei, Mr. Zhang Peng and the CS Vendors shall be an Offer Shareholder;

“PRC”	the People’s Republic of China, which for the purpose of this joint announcement shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“Scheme Trustee”	Bank of Communications Trustee Limited, being the trustee for the time being of the Share Award Scheme;
“Second Deposit”	has the meaning given to it in the section headed “Refundable Deposit” in the section headed “II. Share Transfer Agreements – 1. CS Share Transfer Framework Agreement” in this joint announcement;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of nominal value of U.S. Dollar 0.0000002 each in the issued share capital of First Service Holding;
“Share Award Scheme”	the share award scheme adopted by First Service Holding dated 10 May 2021;
“Share Transfer Agreements”	the CS Share Transfer Framework Agreement, the Management Share Transfer Agreement and the CDH Share Transfer Agreement;
“Somerley”	Somerley Capital Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, and the Financial Adviser to the Offeror;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	has the meaning given to it in the Listing Rules;

“Sunac China”	Sunac China Holdings Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 01918);
“Sunac Services”	Sunac Services Holdings Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 01516);
“Sunac Services Board”	board of directors of Sunac Services;
“Sunac Services Directors”	directors of Sunac Services;
“Sunac Services Group”	Sunac Services and its subsidiaries
“Sunac Services Shareholders”	shareholders of Sunac Services;
“Takeovers Code”	the Code on Takeovers and Mergers published by the SFC;
“Target Shares”	CS Target Shares, Management Target Shares and CDH Target Shares;
“Transition Period”	the period from the date of the CS Share Transfer Framework Agreement to (whichever is later) (i) the date of fulfillment of the obligations as set out in the paragraph headed “Management Rights Handover under the CS Share Transfer Framework Agreement” in this joint announcement by the CS Vendors or (ii) the date on which all directors nominated by the Offeror have been appointed as the First Service Holding Directors and the resignation of those existing First Service Holding Directors selected by the Offeror having become effective;
“United States”	the United States of America, its territories and its possessions and all areas subject to its jurisdiction;

“U.S. Dollar”	U.S. dollar, the lawful currency of the United States;
“Vendors”	CS Vendors, Management Vendors and CDH; and
“%”	per cent.

By order of the Board
Sunac Services Holdings Limited
Wang Mengde
Chairman

By order of the Board
Sunac Services Investment III Limited
 融創服務投資(三)有限公司
Cao Honglin
Director

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

Hong Kong, 1 November 2021

* *for identification purposes only*

For the purpose of this joint announcement, unless otherwise specified in the relevant context, the exchange rate of HK\$1:RMB0.82164 used in this joint announcement is based on the RMB central parity rate as quoted by the People’s Bank of China on 29 October 2021, being the latest available rate as quoted by the People’s Bank of China as at the date of this joint announcement.

As at the date of this joint announcement, the director of the Offeror is Ms. Cao Hongling.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than that in relation to First Service Holding Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, the opinions expressed in this joint announcement (other than those expressed by the First Service Holding Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statements in this joint announcement misleading.

As at the date of this joint announcement, the Sunac Services Board comprises Mr. Wang Mengde (Chairman of the Sunac Services Board and non-executive director); Ms. Cao Hongling, Mr. Xie Jianjun and Ms. Yang Man (the executive directors); Mr. Gao Xi (the non-executive director); and Ms. Wang Lihong, Mr. Yao Ning and Mr. Zhao Zhonghua (the independent non-executive directors).

The Sunac Services Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that in relation to First Service Holding Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, the opinions expressed in this joint announcement (other than those expressed by First Service Holding Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statements in this joint announcement misleading.

As at the date of this joint announcement, the First Service Holding Board comprises Mr. Liu Peiqing, Mr. Jia Yan, Mr. Jin Chungang and Ms. Zhu Li (executive directors); Mr. Zhang Peng and Mr. Long Han (non-executive directors); and Ms. Sun Jing, Ms. Zhu Caiqing and Mr. Cheng Peng (independent non-executive directors).

The First Service Holding Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Offeror, Sunac Services and persons acting in concert with any of them, and the Vendors) and confirm, having made all reasonable enquiries, that to the best of their knowledge, the opinions expressed by them in this joint announcement (other than those expressed by the Sunac Services Directors and the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statements in this joint announcement misleading.