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First Service Holding Limited

第一服务控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2107)

ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that on 10 May 2021, it has resolved to adopt the Scheme, pursuant to which the Trustee will purchase or subscribe for Shares out of the Contributed Amount and such Shares be held on trust for the relevant Selected Participants until such Shares are vested with the relevant Selected Participants in accordance with the terms of the Scheme.

The Scheme shall be subject to the administration of the Board and the Trustee in accordance with the Scheme Rules and the Trust Deed.

The Board shall not make any further award of Awarded Shares which will result in the nominal value of the Shares awarded by the Board under the Scheme equal to or greater than 10% of the issued share capital of the Company from time to time.

The Board may from time to time cause the Company to pay a Contributed Amount to the Trust by way of settlement or otherwise contributed by the Company or any Subsidiary as directed by the Board which shall constitute part of the Trust Fund, for the purchase or subscription (as the case may be) of Shares and other purposes set out in the Scheme Rules and the Trust Deed.

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To the best of knowledge and belief of the Directors, the Trustee will not become a connected person of the Company under Chapter 14A of the Listing Rules for the following reasons:

1. the Trustee is a professional trustee engaged by the Company for the Scheme, and to the best knowledge of the Company, the Trustee and its ultimate owner(s) are Independent Third Parties;
2. although the Scheme allows the Trustee to hold up to not more than 10% of the issued share capital of the Company upon trust for the benefit of the Selected Participants before vesting, the Trustee will not become a substantial Shareholder for the purpose of the Listing Rules as it will not be entitled to exercise or control the exercise of, 10% or more of the voting power at any general meeting of the Company, and under the Trust Deed, the Trustee shall not exercise the voting rights belonging to any Shares held by it under the Trust Deed; and
3. Rule 14A.12(1)(b) of the Listing Rules excludes trustee for a trust which is an employees' share scheme or occupational pension scheme established for a wide scope of participants and the connected persons' aggregate interests in the scheme are less than 30% as an associate of a connected person. On the basis that the Scheme is an employees' share award scheme established for a wide scope of participants including Eligible Participants (which include Employees of the Group) who are not connected persons of the Company, and that the total number of Awarded Shares under the Scheme must not be equal to or greater than 10% of the issued share capital of the Company from time-to-time, the connected persons' aggregate interests in the Scheme would be less than 30%, the Trustee would not be considered an associate of a connected person of the Company.

The Scheme is not subject to the provisions of Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No Shareholders' approval is required for the adoption or implementation of the Scheme.

SUMMARY OF THE SCHEME RULES

Purposes and objectives

The specific objectives of the Scheme are to recognise the contributions by certain Eligible Participants and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

Duration

Subject to any early termination as may be determined by the Board, the Scheme shall be valid and effective for a term of ten years commencing on the Adoption Date.

Administration

The Scheme shall be subject to the administration of the Board and the Trustee in accordance with the Scheme Rules and the Trust Deed. The decision of the Board with respect to any matter arising under the Scheme (including the interpretation of any provision) shall be final and binding.

Scheme Limit

The Board shall not make any further award of Awarded Shares which will result in the nominal value of the Shares awarded by the Board under the Scheme equal to or greater than 10% of the issued share capital of the Company from time to time.

The maximum number of Shares which may be awarded to a Selected Participant under the Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

Operation of the Scheme

The Board may from time to time cause to pay a Contributed Amount to the Trust by way of settlement or otherwise contributed by the Company or any Subsidiary as directed by the Board which shall constitute part of the Trust Fund, for the purchase or subscription (as the case may be) of Shares and other purposes set out in the Scheme Rules and the Trust Deed.

The Board may from time to time instruct the Trustee in writing to purchase Shares either on the Stock Exchange, from other holders of the Shares directly or subscribe for Shares from the Company (in all cases, subject to the Company's compliance with the applicable rules and regulations including the Listing Rules and the Codes on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission and subject to the Trustee's satisfaction upon completion of its internal compliance procedures). Once purchased or subscribed for, the Shares are to be held by the Trustee for the benefit of Eligible Participants under the Trust on and subject to the terms and conditions of the Scheme and the Trust Deed.

Subject to the provisions of the Scheme, including the restrictions and scheme limits set out above, the Board may, from time to time at its absolute discretion, select any Eligible Participant (other than an Excluded Participant) for participation in the Scheme as a Selected Participant, and grant such number of Awarded Shares to any Selected Participant at any consideration deemed appropriate by the Board (including, for the avoidance of doubt, no consideration payable) on and subject to such terms and conditions as it may in its absolute discretion determine. Where any grant of Awarded Shares is proposed to be made to any person who is a connected person of the Company, the Company shall comply with applicable provisions of the Listing Rules.

The Board is entitled to impose any condition (including but not limited to a period of continued service within the Group after the Award and compliance by the Selected Participant with all applicable laws and regulations) as it deems appropriate in its absolute discretion with respect to the vesting of the Awarded Shares on the Selected Participant.

Vesting of Awarded Shares

Subject to the terms and conditions of the Scheme and the fulfilment of all vesting conditions to the vesting of the Awarded Shares on a Selected Participant, the designated Awarded Shares held by the Trustee on behalf of such Selected Participant shall vest in him/her in accordance with the vesting schedule.

Upon the vesting of the Awarded Shares, the Board shall send to the relevant Selected Participant (with a copy to the Trustee) a vesting notice (the “**Vesting Notice**”). Upon receipt of the Vesting Notice, the Selected Participant is required to deliver to the Board the reply slip attached to the Vesting Notice.

Subject to the receipt by the Trustee of (a) the reply slip to the Vesting Notice and transfer documents duly signed by the Selected Participant within the period stipulated in the Vesting Notice, (b) a confirmation from the Company that all vesting conditions having been fulfilled, and (c) certified copies of the identification documents of the Selected Participant, the Trustee shall either cause the Vesting Shares to be transferred to such Selected Participant, or transfer the proceeds of the sales (after the deduction of related sales expenses as stipulated in the Trust Deed and withholding taxes (where applicable)) to the relevant Selected Participant.

Lapse of an Award

In the event that prior to or on the Vesting Date, a Selected Participant is found to be an Excluded Participant, or is deemed to cease to be eligible according to the criteria below, the relevant Award made to such Selected Participant that has not been vested with the

Awarded Shares shall automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall remain as part of the Trust Fund and shall be made available for future grants before the end of the Trust Period:

- (i) where such person has committed any act of fraud or dishonesty or serious misconduct, whether or not in connection with his employment or engagement by any member of the Group (in the case of an Employee) or by its employer (in all other cases), and whether or not it has resulted in his employment or engagement with the Group being terminated;
- (ii) where such person has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his assets;
- (iii) where such person has been convicted of any criminal offence; or
- (iv) where such person has been convicted of or is being held liable for any offence under or any breach of the SFO or other securities laws or regulations in the People's Republic of China, in Hong Kong or any other applicable laws or regulations in force from time to time.

Subject to a decision otherwise made by the Board, in respect of a Selected Participant who is an Employee who died or retired by agreement with a member of the Group at any time prior to or on the Vesting Date, all the unvested Awarded Shares of the relevant Selected Participant shall lapse forthwith and the unvested Awarded Shares shall remain as part of the Trust Fund and shall be made available for future grants before the end of the Trust Period.

In respect of a Selected Participant who is an Employee and such Selected Participant's employment with the Group has undergone any change or has resulted in a transfer of employment between different members of the Group, the Board shall have the discretion on whether any unvested Awarded Shares shall lapse and be made available for future grants before the end of the Trust Period, or shall remain available for future vesting, and if so, any further conditions to be imposed for such vesting.

Termination

Upon expiration of the Trust Period or the earlier termination of the Scheme,

- (i) no further grant of Awarded Shares may be made under the Scheme;
- (ii) all the Awarded Shares of the Selected Participant granted under the Scheme shall continue to be held by the Trustee and become vested in the Selected Participant according to the conditions of the Award, subject to the receipt by the Trustee of the transfer documents prescribed by the Trustee and duly executed by the Selected Participant;

- (iii) upon the expiration of the Trust Period, all Shares (except for any Awarded Shares subject to vesting on the Selected Participant) remaining in the Trust Fund shall be sold by the Trustee within twenty-eight (28) Business Days (on which the trading of the Shares has not been suspended) (or such longer period as the Trustee and the Board may otherwise determine); and
- (iv) upon the expiration of the Trust Period, all net proceeds of sale referred to in (i) above and such other funds and properties remaining in the Trust Fund managed by the Trustee (after making appropriate deductions in respect of the related sales expenses as stipulated in the Scheme Rules) shall be remitted to the Company forthwith. For the avoidance of doubt, the Trustee may not transfer any Shares to the Company nor may the Company otherwise hold any Shares whatsoever (other than its interest in the proceeds of sale of such Shares pursuant to this (iii)).

Restrictions

Prior to the Vesting Date, any Award made under the Scheme shall be personal to the Selected Participant to whom it is made and shall not be assignable, and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Awarded Shares referable to him/her pursuant to such Award.

Where any grant of Awarded Shares is proposed to be made to any person who is a connected person of the Company within the meaning of the Listing Rules, the Company shall comply with such provisions of the Listing Rules as may be applicable, including any reporting, announcement and/or shareholders' approval requirements, unless otherwise exempted under the Listing Rules.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

- “Adoption Date” 10 May 2021, being the date on which the Board adopted the Scheme Rules for the establishment of the Scheme;
- “Award” an award of the Awarded Shares granted by the Board to a Selected Participant pursuant to the Scheme;
- “Awarded Share(s)” in respect of a Selected Participant, such number of Shares as awarded by the Board;

“Board”	the board of Directors and if the context so requires, shall include such committee or sub-committee or other person(s) as deemed appropriate as from time to time delegated with the power and authority by the board of Directors to administer the Scheme;
“Business Day”	a day (other than Saturday, Sunday or public holiday) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong;
“Company”	First Service Holding Limited (第一服务控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“Contributed Amount”	cash paid or made available to the Trust by way of settlement or otherwise contributed by the Company and/or its Subsidiaries as permitted under the Scheme to the Trust as determined by the Board from time to time;
“Directors”	directors of the Company;
“Eligible Participant(s)”	any individual, being (a) an Employee (whether full time or part time), or (b) director (including executive, non-executive and independent non-executive directors), officer, consultant, adviser, or (c) distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group and their respective employees, who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group, but excluding for this purpose, any Excluded Participant;
“Employee”	an individual being an employee (whether full time or part time) of any member of the Group at any time during the Trust Period;

“Excluded Participant”	any participant who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Scheme is not permitted or restricted under the laws or regulations of such place or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Eligible Participant (but excluding participant(s) who has obtained or, in the opinion of the Board or the Trustee (as the case may be) will be able to obtain all necessary regulatory, tax and foreign exchange approvals applicable for the making of an Award and/or the vesting and transfer of the Vesting Shares and/or to receive all or part of the net proceeds arising from the sale of the Vesting Shares);
“Group”	the Company and its Subsidiaries from time to time, and “member of the Group” means any or a specific one of them;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	an individual or a company who or which is independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholder, of the Company, its subsidiaries or any of their respective associate;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	the People’s Republic of China and for the sole purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region and Taiwan;

“Residual Cash”	cash in the Trust Fund (including without limitation (a) any Contributed Amount or any remaining amount thereof; (b) any cash income or dividends derived from Shares held under the Trust (except the Vesting Shares); (c) other cash income or net proceeds of sale of non-cash and non-scrip distribution derived from or in respect of the Shares held under the Trust (except the Vesting Shares); and (d) all interest or income derived from deposits maintained with licensed banks which has not been applied in the acquisition of any Shares;
“Scheme”	means the “First Service Share Award Scheme” constituted by the Scheme Rules;
“Scheme Rules”	means the rules relating to the Scheme, in its present form as may be amended from time to time in accordance with the provisions thereof;
“Selected Participant(s)”	Eligible Participant(s) selected by the Board for participation in the Scheme;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Share(s)”	the shares of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary(ies)”	a company which is for the time being and from time to time a subsidiary (within the meaning given under section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere;
“Trust”	the trust constituted by the Trust Deed;
“Trust Deed”	the trust deed to be entered into between the Company and the Trustee as restated, supplemented and amended from time to time;

“Trust Fund”	<p>the funds and the properties held under the Trust and managed by the Trustee for the benefit of the Eligible Participants (other than the Excluded Participants), including without limitation:</p> <ol style="list-style-type: none"> (1) all Shares acquired by the Trustee for the purpose of the Trust out of the Residual Cash and such other scrip income (including but not limited to bonus Shares and scrip dividends declared by the Company) derived from the Shares held upon the Trust (except the Vesting Shares); (2) any Residual Cash; (3) any Vesting Shares; (4) Awarded Shares or other property to be vested or not vested with the Selected Participant under the terms of the Scheme; (5) all other properties from time to time representing (1), (2), (3) and (4) above;
“Trust Period”	<p>the period commencing from the Adoption Date and ending upon the earlier of:</p> <ol style="list-style-type: none"> (1) 9 May 2031, being the expiry of the period of ten years beginning from the Adoption Date; or (2) such date of earlier termination as determined by the Board;
“Trustee”	<p>Bank of Communications Trustee Limited, and any additional or replacement trustee(s), being the trustee or trustees for the time being of the trusts declared in the Trust Deed;</p>
“Vesting Date”	<p>in respect of a Selected Participant, the date on which his entitlement to the Awarded Shares is partially or fully vested in accordance with the terms of the Scheme;</p>

“Vesting Shares” any Awarded Shares vested under the terms of the Scheme but not yet transferred to a relevant Selected Participant; and

“%” per cent.

In this announcement, the terms “associate(s)”, “close associates”, “connected person(s)”, “controlling shareholder(s)”, “core connected person(s)”, “subsidiary(ies)”, and “substantial shareholder(s)” shall have the meanings given to them in the Listing Rules, unless the context otherwise requires

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

Hong Kong, 10 May 2021

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