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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)

CONNECTED TRANSACTION PROVISION OF GUARANTEES TO CONNECTED SUBSIDIARIES

PROVISION OF GUARANTEES AND THE COUNTER-GUARANTEE

The Board announces that on June 30, 2021, First Property Beijing, an indirect wholly-owned subsidiary of the Company, entered into the Guarantee Agreements as the guarantor in favor of the Bank, pursuant to which First Property Beijing agreed to provide guarantees for the due performance of the repayment obligations of each of First Living and First Living Engineering to the Bank up to RMB20 million in aggregate under the Facility Agreements. The Loans will be used for daily business operation of First Living and First Living Engineering, including settlement of purchase payments, services fee and consulting fee.

At the same time, First Assets has provided a counter-guarantee to First Property Beijing in respect of 27.9% of its guarantee obligations under the Guarantee Agreements.

LISTING RULES IMPLICATIONS

As at the date of this announcement, First Living is an indirect non-wholly owned subsidiary of the Company and is owned as to 72.1% by the Company, 8.1% by New Momentum (Beijing) Construction Technology Co., Ltd. and Zhihui Hongye Investment (Beijing) Co., Ltd. (which are ultimately controlled by Mr. Zhang Lei), 3.8% by Mr. Zhang Lei, 3.8% by Mr. Zhang Peng and 3.5% by Mr. Jia Yan. Mr. Zhang Peng is the chairman of the Board as well as a non-executive Director, and Mr. Jia Yan is an executive Director. Mr. Zhang Lei and Mr. Zhang Peng are controlling shareholders of the Company acting in concert. Thus, Mr. Zhang Lei, Mr. Zhang Peng and Mr. Jia Yan are connected persons of the Company. Therefore, First Living is a connected subsidiary of the Company pursuant to Rule 14A.16(1) of the Listing Rules. First Living Engineering, being a subsidiary of First Living, is also a connected subsidiary of the Company pursuant to Rule 14A.16(2) of the Listing Rules. Accordingly, the provision of guarantees under the Guarantee Agreements constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

As First Living Engineering is directly wholly-owned by First Living, the provision of guarantees under the Guarantee Agreements forms a series of transactions conducted within a 12-month period and is required to be aggregated for the purpose of computing the relevant percentage ratios pursuant to Rule 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios exceed 0.1% and all applicable percentage ratios are less than 5.0%, the provision of guarantees under the Guarantee Agreements is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the counter-guarantee provided by First Assets will be conducted on normal commercial terms and will not be secured by the assets of the Group, in accordance with Rule 14A.90 of the Listing Rules, the counter-guarantee shall be fully exempted from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

PROVISION OF GUARANTEES AND THE COUNTER-GUARANTEE

The Board announces that on June 30, 2021, First Property Beijing, an indirect wholly-owned subsidiary of the Company, entered into the Guarantee Agreements as the guarantor in favor of the Bank, pursuant to which First Property Beijing agreed to provide guarantees for the due performance of the repayment obligations of each of First Living and First Living Engineering to the Bank up to RMB20 million in aggregate under the Facility Agreements. The Loans will be used for daily business operation of First Living and First Living Engineering, including settlement of purchase payments, services fee and consulting fee.

The salient terms of the Guarantee Agreements are summarized below:

- Date : June 30, 2021
- Parties : (1) First Property Beijing, as the guarantor; and
(2) the Bank

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Bank and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

- Guarantees : First Property Beijing agreed to provide each of First Living and First Living Engineering with a joint liability guarantee for the Loans with the aggregate principal amount of not more than RMB20 million, together with corresponding interest, default interest, liquidated damages, expenses incurred from realization of the creditor's rights (including but not limited to litigation costs, attorney's fees, notarization costs, execution costs, etc.), losses and all other payable expenses incurred by the Bank as a result of the default of First Living and First Living Engineering.
- Term of the Guarantees : commencing from the effective date of the Guarantee Agreements and ending on the date of three years after the expiry of the repayment obligation of any loans under the Facility Agreements
- Effective date of the Guarantee Agreements : the Guarantee Agreements shall become effective upon due execution, being June 30, 2021

It is intended that First Property Beijing's obligation under the Guarantee Agreements will be proportional to the Company's shareholding in First Living and First Living Engineering. As at the date of this announcement, First Living is owned as to 72.1% by the Company, 8.1% by New Momentum (Beijing) Construction Technology Co., Ltd. and Zhihui Hongye Investment (Beijing) Co., Ltd. (which are ultimately controlled by Mr. Zhang Lei), 3.8% by Mr. Zhang Lei, 3.8% by Mr. Zhang Peng, 3.5% by Mr. Jia Yan (an executive Director), 1.9% by Mr. Pan Fengwei (a member of the senior management of the Company and director of First Living), 1.9% by Mr. Shao Binghua (the director of several subsidiaries of First Living) and 4.9% by 23 natural person shareholders (who are third parties independent of the Company and its connected persons and each of whom holds not more than 2% of the equity interests in First Living). In view of the large number of natural person shareholders, First Assets, which is indirectly owned as to 99.9% by Mr. Zhang Peng, has provided a counter-guarantee to First Property Beijing in respect of 27.9% of its guaranteed obligations under the Guarantee Agreements to facilitate the transaction.

INFORMATION OF THE PARTIES

The Company

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

First Property Beijing

First Property Beijing is a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in providing property management services in the PRC.

The Bank

The Bank is a sub-branch of Bank of China Limited, a state-owned commercial bank incorporated under the laws of the PRC principally engaged in the provision of a wide range of banking services and related financial services. The shares of Bank of China Limited are listed on various stock exchanges as follows:

Classes	Stock exchange	Stock code
A share	The Shanghai Stock Exchange	601988
H share	The Stock Exchange	3988
Offshore preference share	The Stock Exchange	4619
Domestic preference share	The Shanghai Stock Exchange	360033 and 360035

First Living

First Living is a limited liability company established under the laws of the PRC and an indirect non-wholly owned subsidiary of the Company. It is principally engaged in the provision of energy saving related services in the PRC.

As at the date of this announcement, First Living is owned as to 72.1% by the Company, 8.1% by New Momentum (Beijing) Construction Technology Co., Ltd. and Zhihui Hongye Investment (Beijing) Co., Ltd. (which are ultimately controlled by Mr. Zhang Lei), 3.8% by Mr. Zhang Lei, 3.8% by Mr. Zhang Peng, 3.5% by Mr. Jia Yan, 1.9% by Mr. Pan Fengwei, 1.9% by Mr. Shao Binghua, and 4.9% by 23 natural person shareholders. Mr. Zhang Peng is the chairman of the Board as well as a non-executive Director. Mr. Zhang Lei and Mr. Zhang Peng are controlling shareholders of the Company acting in concert, and thus both of them are connected persons of the Company. Mr. Jia Yan is an executive Director and thus a connect person of the Company. Mr. Pan Fengwei, a member of the senior management of the Company, is a director of First Living and thus a connect person of the Company. Mr. Shao Binghua is the director of several subsidiaries of First Living, and thus a connected person of the Company. The 23 natural person shareholders are third parties independent of the Company and its connected persons.

First Living Engineering

First Living Engineering is a limited liability company established under the laws of the PRC and is directly wholly-owned by First Living. It is principally engaged in the provision of energy saving related services in the PRC.

First Assets

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

REASONS FOR AND BENEFITS OF PROVIDING THE GUARANTEES

The Directors consider that the provision of guarantees under the Guarantee Agreements enables First Living and First Living Engineering to obtain the Loans to fulfil their financial needs in working capital and support their normal commercial operation.

In view of a counter-guarantee having been provided by First Assets to First Property Beijing in respect of 27.9% of its guarantee obligations under the Guarantee Agreements, the Directors (including the independent non-executive Directors) are of the view that the provision of guarantees under the Guarantee Agreements is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, First Living is an indirect non-wholly owned subsidiary of the Company and is owned as to 72.1% by the Company, 8.1% by New Momentum (Beijing) Construction Technology Co., Ltd. and Zhihui Hongye Investment (Beijing) Co., Ltd. (which are ultimately controlled by Mr. Zhang Lei), 3.8% by Mr. Zhang Lei, 3.8% by Mr. Zhang Peng and 3.5% by Mr. Jia Yan. Mr. Zhang Peng is the chairman of the Board as well as a non-executive Director, and Mr. Jia Yan is an executive Director. Mr. Zhang Lei and Mr. Zhang Peng are controlling shareholders of the Company acting in concert. Thus, Mr. Zhang Lei, Mr. Zhang Peng and Mr. Jia Yan are connected persons of the Company. Therefore, First Living is a connected subsidiary of the Company pursuant to Rule 14A.16(1) of the Listing Rules. First Living Engineering, being a subsidiary of First Living, is also a connected subsidiary of the Company pursuant to Rule 14A.16(2) of the Listing Rules. Accordingly, the provision of guarantees under the Guarantee Agreements constitutes connected transactions of the Company under Chapter 14A of the Listing Rules.

As First Living Engineering is directly wholly-owned by First Living, the provision of guarantees under the Guarantee Agreements forms a series of transactions conducted within a 12-month period and is required to be aggregated for the purpose of computing the relevant percentage ratios pursuant to Rule 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios exceed 0.1% and all applicable percentage ratios are less than 5.0%, the provision of guarantees under the Guarantee Agreements is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the counter-guarantee provided by First Assets will be conducted on normal or better commercial terms and will not be secured by the assets of the Group, in accordance with Rule 14A.90 of the Listing Rules, the counter-guarantee shall be fully exempted from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Zhang Peng, the chairman of the Board, a non-executive Director and a controlling shareholder of the Company, is also the chairman of the board of directors and a shareholder of First Living as well as the chairman of the board of directors and the controlling shareholder of First Assets. Mr. Jia Yan, an executive Director, is a director and a shareholder of First Living. Mr. Long Han, a non-executive Director, is also a director of both First Living and First Assets as well as an ultimate beneficial owner and the general manager of First Assets. Therefore, Mr. Zhang Peng, Mr. Jia Yan and Mr. Long Han were required to abstain from voting on the relevant Board resolutions approving the provision of guarantees pursuant to the Guarantee Agreements. Save for the above, to the best of knowledge, information and belief of the Directors after having made all reasonable enquiries, no other Director has a material interest in the provision of guarantees pursuant to the Guarantee Agreements and was required to abstain from voting on the relevant Board resolutions approving the provision of guarantees pursuant to the Guarantee Agreements.

DEFINITIONS

“Bank”	Bank of China Limited Beijing Dongcheng Sub-branch (中國銀行股份有限公司北京東城支行)
“Board”	the board of Directors
“Company”	First Service Holding Limited (第一服务控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“connected subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Facility Agreements”	the First Living Facility Agreement and the First Living Engineering Facility Agreement

“First Assets”	First MOMA Assets Management (Beijing) Co., Ltd. (第一摩碼資產管理(北京)有限公司), a company established under the laws of the PRC with limited liability, primarily engaged in investment holding business, which is indirectly owned as to 99.9% by Mr. Zhang Peng, the chairman of the Board and a non-executive Director, and indirectly owned as to 0.1% by Mr. Long Han, a non-executive Director, respectively
“First Living”	First MOMA Human Environment Technology (Beijing) Co., Ltd. (第一摩碼人居環境科技(北京)有限公司), a limited liability company established in the PRC and an indirect non-wholly owned subsidiary of the Company
“First Living Engineering”	First MOMA Human Environment Architectural Engineering Co., Ltd. (第一摩碼人居建築工程(北京)有限公司), a limited liability company established in the PRC and a direct wholly-owned subsidiary of First Living
“First Living Engineering Facility Agreement”	the loan facility agreement dated June 30, 2021 entered into between First Living Engineering and the Bank in relation to the RMB10 million loan facility provided to First Living Engineering by the Bank
“First Living Engineering Guarantee Agreement”	the maximum guarantee agreement dated June 30, 2021 entered into between First Property Beijing, as the guarantor, and the Bank, pursuant to which First Property Beijing agreed to provide guarantee for the due performance of the repayment obligations of First Living Engineering to the Bank up to RMB10 million under the First Living Engineering Facility Agreement
“First Living Facility Agreement”	the loan facility agreement dated June 30, 2021 entered into between First Living and the Bank in relation to the RMB10 million loan facility provided to First Living by the Bank
“First Living Guarantee Agreement”	the maximum guarantee agreement dated June 30, 2021 entered into between First Property Beijing, as the guarantor, and the Bank, pursuant to which First Property Beijing agreed to provide guarantee for the due performance of the repayment obligations of First Living to the Bank up to RMB10 million under the First Living Facility Agreement

“First Property Beijing”	First Property Service (Beijing) Co., Ltd. (第一物業服務(北京)有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Guarantee Agreements”	the First Living Guarantee Agreement and the First Living Engineering Guarantee Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loans”	(i) the RMB10 million loan facility provided to First Living by the Bank under the First Living Facility Agreement and (ii) the RMB10 million loan facility provided to First Living Engineering by the Bank under the First Living Engineering Facility Agreement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holders(s) of the Shares
“Shares”	the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, June 30, 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.