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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)

ANNOUNCEMENT

TERMINATION OF THE ACQUISITION AND END OF THE OFFER PERIOD

INTRODUCTION

References are made to (1) the announcement jointly issued by Sunac Services Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), Sunac Services Investment III Limited (the “**Offeror**”) and First Service Holding Limited (“**First Service Holding**”) dated 1 November 2021 regarding, among other matters, the Acquisition and the Offer, (2) the announcement jointly issued by the Company and First Service Holding dated 22 November 2021 regarding, among other matters, the extension of the latest time for the despatch of the Composite Document and (3) the announcement jointly issued by the Company and First Service Holding dated 30 November 2021 regarding, among other matters, the extension of the Long Stop Date (collectively, the “**Joint Announcements**”). Unless otherwise specified, capitalised terms used herein have the same meanings as defined in the Joint Announcements.

TERMINATION OF THE ACQUISITION

Pursuant to the CS Share Transfer Framework Agreement, as no formal agreement was entered into on or before 31 December 2021 (the “**Termination Date**”), the CS Share Transfer Framework Agreement has been automatically terminated and the Management Share Transfer Agreement and the CDH Share Transfer Agreement have also been terminated accordingly.

REASON FOR TERMINATION

The Company commenced due diligence on First Service Holding immediately after the parties entered into the Share Transfer Agreements on 7 October 2021, while the Offeror has deposited all the funds required for the Acquisition and the Offer in the amount of RMB2,267 million into an account under the joint supervision of itself and its financial adviser.

During the period, Modern Land (China) Co., Limited (“**Modern Land**”), a related party of First Service Holding, published a series of announcements, including the “UPDATE ON 12.85% SENIOR NOTES DUE 2021” dated 26 October 2021, “1. POSSIBLE IMPACT OF THE NON-PAYMENT ON OTHER FINANCING ARRANGEMENTS; 2. WITHDRAWAL OF RECOMMENDATION FOR PAYMENT OF 2021 INTERIM DIVIDEND; AND 3. CONTINUED HALT IN TRADING” dated 1 November 2021 and “APPOINTMENT OF FINANCIAL ADVISER AND CONTINUED HALT IN TRADING” dated 5 November 2021, which mentioned that the default in payment in relation to its mature Notes had resulted (or may result) in, among others, the forced acceleration of its repayment of certain other existing material financing arrangements and cancellation of the 2021 interim dividends. The liquidity problems with Modern Land directly result in material uncertainty regarding the realisability and sustainability of First Service Holding’s business obtained from Modern Land as well as the collectability of its receivables from Modern Land.

Based on the aforesaid circumstances, the Company had negotiated with the CS Vendors in respect of the reduction in the consideration based on changes in the actual situation, adjustments made accordingly to the transaction arrangements and other matters, and the CS Vendors had indicated in writing that it had no objection to the Formal Agreement after negotiation and adjustment. However, the CS Vendors suddenly reversed on 31 December 2021 the consensus between the parties in respect of the consideration and the relevant transaction arrangements, which in turn resulted in the Formal Agreement not being signed on the Long Stop Date.

LOCK-UP

Pursuant to the CS Share Transfer Framework Agreement, all the CS Vendors are prohibited from selling or transferring the Shares held by them without the prior consent of the Offeror for a period of 1 year commencing from the Termination Date.

REFUND OF DEPOSIT AND SHARE CHARGE

Pursuant to the CS Share Transfer Framework Agreement, the CS Vendors shall refund to the Offeror the First Deposit in the amount of RMB100 million within 5 business days after the Termination. Within 5 business days after the refund, the Offeror will release the share charges in respect of the 200 million CS Target Shares made by the CS Vendors to the Offeror. Should the CS Vendors fail to fulfill its obligation of refunding the deposit on time, the Offeror shall be entitled to enforce all its rights under the share charges in respect of the 200 million CS Target Shares created by the CS Vendors in favour of the Offeror.

END OF OFFER PERIOD

For the purpose of the Takeovers Code, the offer period in respect of First Service Holding ended on the date of this announcement.

Following the termination of the offer period as set out in this announcement, the restrictions in Rule 31.1 of the Takeovers Code shall apply, which provides that, except with the consent of the Executive, neither the Offeror nor any person who acted in concert with it in the course of the Offer, nor any person who is subsequently acting in concert with any of them, may within 12 months from the date of this announcement either:

- (i) announce an offer or possible offer for First Service Holding (including a partial offer which could result in the Offeror holding shares carrying 30% or more of the voting rights of First Service Holding), or
- (ii) acquire any voting rights of First Service Holding if the Offeror or persons acting in concert with it would thereby become obliged under Rule 26 of the Takeovers Code to make an offer.

Shareholders and potential investors should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

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

Hong Kong, 3 January 2022

As at the date of this 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 announcement and confirms, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

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

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, the opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.