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Xinyuan Property Management Service (Cayman) Ltd. **鑫苑物業服務集團有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1895)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO CERTAIN RELATED PARTY FUND TRANSACTIONS DISCLOSED IN THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Reference is made to: (i) the circular of the Company dated 30 October 2020; (ii) the announcement of the Company dated 19 November 2020; and (iii) the Annual Report for the year ended 31 December 2020 (the “**Annual Report**”) published on 23 September 2021. Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as those defined in the Annual Report.

The Company disclosed in its Annual Report certain related party transactions of the Group: (i) during the year ended 31 December 2020 (under the heading “Material related party fund transfers during the year ended 31 December 2020” under note 29(c) to the financial statements on pages 175–177 of the Annual Report); and (ii) thereafter (under the heading “Events after the Reporting Period” under note 33 to the financial statements on pages 183–185 of the Annual Report). Amongst these related party fund transfers were certain transfers involving the purchase of car parks in the form of prepayments, a summary of which is set out below (together with the underlying transactions, hereafter referred to as the “**Car Park Prepayments**”):

No.	Date	Amount <i>(in RMB)</i>	Details	Notes	Reference in Annual Report
1	December 2020	5 million	Prepayment from the Group to Henan Xinyuan Guangsheng Real Estate Co., Ltd. (“ Henan Xinyuan Guangsheng ”)	Henan Xinyuan Guangsheng is an indirect wholly-owned subsidiary of the Ultimate Holding Company	Transaction (vii) under “Material related party fund transfers during the year ended 31 December 2020” (Note 29(c) to the financial statements)

No.	Date	Amount (in RMB)	Details	Notes	Reference in Annual Report
2	21 January 2021	10.77 million	Prepayment from the Group to Henan Xinyuan Guangsheng		Transaction (iv) under “Events after the Reporting Period” (Note 33 to the financial statements)
3	31 January 2021	1.83 million	Prepayment from the Group to Zhengzhou Xinnan Real Estate Co., Ltd (“ Zhengzhou Xinnan ”)	Zhengzhou Xinnan is an indirect wholly-owned subsidiary of the Ultimate Holding Company	Transaction (v) under “Events after the Reporting Period” (Note 33 to the financial statements)
4	January 2021	4.32 million	Prepayment from the Group to Mingyuan Landscape Engineering Co., Ltd. (“ Mingyuan Landscape ”)	Mingyuan Landscape is a subsidiary of the Ultimate Holding Company	Transaction (vi) under “Events after the Reporting Period” (Note 33 to the financial statements)
5	February 2021	5 million	Prepayment from the Group to Changsha Xinyuan Wanzhuo Real Estate Co., Ltd (“ Xinyuan Wanzhuo ”)	Xinyuan Wanzhuo is a subsidiary of the Ultimate Holding Company	Transaction (viii) under “Events after the Reporting Period” (Note 33 to the financial statements)
Total:		26.92 million			

* The English names of the relevant entities are translations of their Chinese names, and are included herein for identification purposes only. They should not be regarded as the official English translations, and in the event of any inconsistency, the Chinese names shall prevail.

The Board wishes to supplement the following with respect to the Car Park Prepayments:

1. Pursuant to the Car Parking Space Exclusive Sales Cooperation Agreement dated 17 September 2020 entered into between the Company and the Ultimate Holding Company (the “**Exclusive Distribution Agreement**”):
 - (a) The Ultimate Holding Company agreed to designate the Company as the exclusive sales partner of a total of 4,066 Designated Car Parking Spaces; and
 - (b) The Company agreed to pay the Ultimate Holding Company refundable earnest money in the amount of RMB206,783,200 in instalments, as the deposit for being appointed as the exclusive sales partner for the Designated Car Parking Spaces, and holding the Exclusive Sales Right (each as defined therein). Details of the Designated Car Parking Spaces were set out at the valuation report appended to the Company’s circular dated 30 October 2020.
2. The Exclusive Distribution Agreement and the transactions contemplated thereunder constituted a disclosable transaction and a connected transaction under the Listing Rules, and was duly approved by the independent shareholders at the Company’s Extraordinary General Meeting held on 19 November 2020. Please refer to the Company’s circular dated 30 October 2020 and announcement dated 19 November 2020.
3. Subsequently, the Car Park Prepayments were made by the Group on the respective dates as stated above, on the understanding that these prepayments fell within the scope of the Exclusive Distribution Agreement and the approvals. On this basis and understanding, the Group entered into four written agreements which specifically related to the Car Park Prepayments. The reasons and benefits of the Car Park Prepayments were set out in the Company’s circular dated 30 October 2020, which included, amongst others, financial benefits, enhancement of the scope of the value-added services and the broadening of the income base of the Group (see Section 1.4 of the circular dated 30 October 2020).
4. As the Car Park Prepayments were made on the understanding that they were pursuant to the Exclusive Distribution Agreement at the material time, they were not considered to give rise to any additional Listing Rules implications. Having now assessed the Car Park Prepayments with its external advisors, the Company recognises that these were not in fact within the scope of the Exclusive Distribution Agreement, as the car parks in respect of which the Car Park Prepayments were made, were not the Designated Car Parking Spaces listed therein. The Company is accordingly in the process of arranging for the Car Park Prepayments to be returned and the corresponding transactions terminated. This is due to be completed by the end of October 2021.

ASSESSMENT OF THE CAR PARK PREPAYMENTS AND INTERNAL CONTROLS ENHANCEMENTS

The Company recognises that the matters above may indicate potential areas of improvement for its internal controls, and is working with its external advisors to strengthen these. As stated in the Company's announcement dated 23 September 2021, the Company has appointed Moore Advisory Services Limited as independent internal controls reviewer, who will review and validate the Company's systems and controls, with reference to the Company's compliance with the Listing Rules requirements. The issues identified will form part of the independent internal controls review.

The clarifications contained in this announcement do not materially affect other information contained in the Annual Report. Save as disclosed above, all other information and contents set out in the Annual Report remain unchanged.

By order of the Board
Xinyuan Property Management Service (Cayman) Ltd.
WANG Yanbo
Executive Director and Chief Executive Officer

Hong Kong, 27 October 2021

As at the date of this announcement, the board of the Company comprises Ms. WANG Yanbo and Mr. HUANG Bo as executive Directors; Mr. ZHANG Yong and Ms. YANG Yuyan as non-executive Directors; and Mr. LUO Ji, Mr. LI Yifan and Mr. FU Shaojun as independent non-executive Directors.