
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Xinyuan Property Management Service (Cayman) Ltd., you should at once hand this circular and accompanying form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

(I) RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS; (II) ENTERING INTO OF NEW CONTINUING CONNECTED TRANSACTION; AND (III) NOTICE OF THE EGM

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
泓博資本有限公司

Capitalised terms used on this cover page shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 7 to 35 of this circular. A letter of recommendation from the Independent Board Committee is set out on pages 36 to 37 of this circular. A letter of advice from Rainbow Capital (HK) Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 38 to 71 of this circular. A notice convening the EGM to be held at Small Meeting Room, 2/F., International Living Clubhouse, 18 Xinyuan Road, Jinshui District, Zhengzhou, Henan Province, PRC, on Thursday, 30 December 2021 at 2:00 p.m. or any adjournment thereof is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company (<http://www.xypm.hk>).

Whether or not you are able to attend the EGM or any adjournment thereof, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM or any adjournment thereof should they so wish and in such event, the form of proxy shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE EGM

Please refer to page 1 of this circular for the measures to be implemented at the EGM by the Company against the pandemic to protect the attendees from the risk of infection of the Novel Coronavirus ("COVID-19"), including:

- **compulsory body temperature check**
- **compulsory wearing of surgical face mask**
- **no distribution of corporate gifts and no serving of refreshments**

Any person who does not comply with the precautionary measures may be denied entry into the EGM venue. The Company wishes to advise Shareholders that you may appoint the Chairman of the meeting as your proxy to vote on the relevant resolutions at the EGM as an alternative to attending the EGM in person.

14 December 2021

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PRECAUTIONARY MEASURES FOR THE EGM

In view of the ongoing COVID-19 pandemic and recent requirements for prevention and control of its spread, the Company will implement necessary preventive measures at the EGM to protect attending Shareholders, proxy and other attendees from the risk of infection, including:

- (i) compulsory body temperature check will be conducted on every Shareholder, proxy and other attendees at the entrance of the EGM venue. Any person with a body temperature of over 37.2 degrees Celsius may be denied entry into the EGM venue or be required to leave the EGM venue.
- (ii) each attendee is required to prepare his/her own surgical face masks and wear the same inside the EGM venue at all times, and to maintain a safe distance between seats.
- (iii) no corporate gifts will be distributed and no refreshments will be served.

To the extent permitted under law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure safety of the attendees at the EGM.

In the interest of all attendees' health and safety, the Company wishes to advise all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, by using forms of proxy with voting instructions duly completed, Shareholders may appoint the Chairman of the meeting as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person.

The form of proxy, which can also be downloaded from the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company (<http://www.xypm.hk>), is enclosed to this circular. In order to be valid, the signed and completed form of proxy must be deposited at the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or the adjourned meeting (as the case may be). If you are not a registered Shareholder (i.e. if your Shares are held via banks, brokers, custodian or Hong Kong Securities Clearing Company Limited), you should consult directly with your banks, brokers or custodians (as the case may be) to assist you in the appointment of proxy.

DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“2019 Framework Agreements”	collectively, the 2019 Property Management Services Framework Agreement, the 2019 Pre-delivery and Consulting Services Framework Agreement and the 2019 Value-added Services Framework Agreement
“2019 Pre-delivery and Consulting Services Framework Agreement”	the pre-delivery and consulting services framework agreement dated 16 September 2019 entered into between the Company (for itself and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) in relation to the provision of pre-delivery and consulting services by the Group and/or its associates to the Remaining Xinyuan Real Estate Group and/or its associates
“2019 Property Management Services Framework Agreement”	the property management services framework agreement dated 16 September 2019 entered into between the Company (for itself and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) in relation to the provision of property management services by the Group and/or its associates to the Remaining Xinyuan Real Estate Group and/or its associates
“2019 Value-added Services Framework Agreement”	the value-added services framework agreement dated 16 September 2019 entered into between the Company (for itself and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) in relation to the provision of value-added services by the Group and/or its associates to the Remaining Xinyuan Real Estate Group and/or its associates
“2020 PMS Annual Cap”	RMB22,962,000, being the annual cap for the transactions contemplated under the 2019 Property Management Services Framework Agreement for the year ended 31 December 2020

DEFINITIONS

“2022 Framework Agreements”	collectively, the 2022 Property Management Services Framework Agreement, the 2022 Pre-delivery and Consulting Services Framework Agreement, the 2022 Value-added Services Framework Agreement and the 2022 Property Engineering Services Framework Agreement
“2022 Pre-delivery and Consulting Services Framework Agreement”	the pre-delivery and consulting services framework agreement dated 9 November 2021 entered into between the Company (for itself and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) in relation to the provision of pre-delivery and consulting services by the Group and/or its associates to the Remaining Xinyuan Real Estate Group and/or its associates
“2022 Property Engineering Services Framework Agreement”	the property engineering services framework agreement dated 9 November 2021 entered into between the Company (for itself and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) in relation to the provision of property engineering services by the Group and/or its associates to the Remaining Xinyuan Real Estate Group and/or its associates
“2022 Property Management Services Framework Agreement”	the property management services framework agreement dated 9 November 2021 entered into between the Company (for itself and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) in relation to the provision of property management services by the Group and/or its associates to the Remaining Xinyuan Real Estate Group and/or its associates
“2022 Value-added Services Framework Agreement”	the value-added services framework agreement dated 9 November 2021 entered into between the Company (for itself and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) in relation to the provision of value-added services by the Group and/or its associates to the Remaining Xinyuan Real Estate Group and/or its associates
“Board”	the board of Directors

DEFINITIONS

“Company”	Xinyuan Property Management Service (Cayman) Ltd. (鑫苑物業服務集團有限公司), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1895)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be convened by the Company for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the 2022 Framework Agreements and the transactions contemplated thereunder
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), 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 Board, consisting of the independent non-executive Directors who are not the directors of Xinyuan Real Estate Holdings, established to provide advice to Independent Shareholders in respect of the 2022 Framework Agreements and the transactions contemplated thereunder
“Independent Financial Adviser”	Rainbow Capital (HK) Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the 2022 Framework Agreements and the transactions contemplated thereunder

DEFINITIONS

“Independent Shareholders”	Shareholders of the Company, excluding Xinyuan Real Estate Holdings, Mr. Zhang Yong, Ms. Yang Yuyan and their respective associates
“Independent Third Party(ies)”	independent third party(ies) not connected with the Company or its connected persons
“Latest Practicable Date”	9 December 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
“Listing Date”	11 October 2019, on which the Shares were listed and dealings in the Shares first commenced on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this circular only, excluding Hong Kong, Macau and Taiwan
“Prospectus”	the prospectus of the Company dated 25 September 2019 in relation to the listing of the Shares on the Stock Exchange
“Remaining Xinyuan Real Estate Group”	the Xinyuan Real Estate Group excluding the Group
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.00001 each in the share capital of the Company
“Shareholders”	holders of the Shares

DEFINITIONS

“sq.m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xinyuan Real Estate Group”	Xinyuan Real Estate Holdings and its subsidiaries, including the Group
“Xinyuan Real Estate Holdings”	Xinyuan Real Estate Co., Ltd., a company incorporated with limited liability in the Cayman Islands, the shares of which are listed on the New York Stock Exchange (stock code: XIN), and one of the Controlling Shareholders of the Company
“%”	per cent.

LETTER FROM THE BOARD

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)

Executive Directors:

Ms. WANG Yanbo (*Chief Executive Officer*)

Mr. HUANG Bo (*Chief Financial Officer*)

Non-executive Directors:

Mr. ZHANG Yong (*Chairman*)

Ms. YANG Yuyan

Independent Non-executive Directors:

Mr. LUO Ji

Mr. LI Yifan

Mr. FU Shaojun

Registered Office:

P.O. Box 309, Ugland House

Grand Cayman, KY1-1104

Cayman Islands

Corporate Headquarters:

3/F., International Living Clubhouse

18 Xinyuan Road

Jinshui District

Zhengzhou

Henan Province

PRC

Principal Place of Business

in Hong Kong:

9/F, Wah Yuen Building

149 Queen's Road Central

Hong Kong

14 December 2021

To the Shareholders

Dear Sir or Madam,

**(I) RENEWAL OF
EXISTING CONTINUING CONNECTED TRANSACTIONS;
(II) ENTERING INTO OF
NEW CONTINUING CONNECTED TRANSACTION;
AND
(III) NOTICE OF THE EGM**

INTRODUCTION

Reference is made to the announcement dated 9 November 2021 in relation to, among other things, the 2022 Framework Agreements and the transactions contemplated thereunder.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) details of the 2022 Framework Agreements and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM, together with a form of proxy.

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

Reference is made to Prospectus in relation to, among others, the 2019 Framework Agreements. As the 2019 Framework Agreements will expire on 31 December 2021, and it is expected that the Group will continue to enter into similar transactions from time to time thereafter, on 9 November 2021, the Company (for itself and on behalf of its subsidiaries and associates) entered into the 2022 Property Management Services Framework Agreement, the 2022 Pre-delivery and Consulting Services Framework Agreement and the 2022 Value-added Services Framework Agreement with Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates), each of which is conditional upon the Company having obtained the approval by the Independent Shareholders.

(1) The 2022 Property Management Services Framework Agreement

On 9 November 2021, the Company (for itself and on behalf of its subsidiaries and associates) (as service providers) entered into the 2022 Property Management Services Framework Agreement with Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) (as receiving parties), which is conditional upon the Company having obtained the approval by the Independent Shareholders. The principle terms are as follows:

Date	:	9 November 2021
Parties	:	(i) the Company (for itself and on behalf of its subsidiaries and associates) (as service providers); and (ii) Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) (as receiving parties)
Term	:	From 1 January 2022 until 31 December 2024

LETTER FROM THE BOARD

Services to be provided : The Group and/or its associates shall provide to the Remaining Xinyuan Real Estate Group and/or its associates property management services in respect of the unsold property units after the agreed delivery date set out on the property purchase contract for projects developed by the Remaining Xinyuan Real Estate Group and managed by the Group. In respect of sold property units after delivery, if the Remaining Xinyuan Real Estate Group and/or its associates provide complimentary property management fees to the property owners under the property sales arrangement, then the property management services corresponding to the property management fees that are borne and paid by the Remaining Xinyuan Real Estate Group and/or its associates to the Group and/or its associates on behalf of the property owners shall be deemed to be part of the property management services under the 2022 Property Management Services Framework Agreement (the “**XRE Property Management Services**”).

Annual caps and basis of determination

The existing annual caps for fees payable by Remaining Xinyuan Real Estate Group and/or its associate to the Group and/or its associate under the 2019 Property Management Services Framework Agreement for each of the three years ending 31 December 2021 are as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ending 31 December 2021
Existing annual caps	RMB17,265,000	RMB22,962,000	RMB30,081,000

LETTER FROM THE BOARD

The approximate historical amounts of fees paid by Remaining Xinyuan Real Estate Group and/or its associate to the Group and/or its associate under the 2019 Property Management Services Framework Agreement for each of the two years ended 31 December 2020 and the nine months ended 30 September 2021 are as follows:

	For the year ended 31 December 2019 (audited)	For the year ended 31 December 2020 (audited)	For the nine months ended 30 September 2021 (unaudited)
Historical amounts	RMB16,954,000	RMB25,400,000 (Note)	RMB16,111,000

Note: At the end of 2020, the Remaining Xinyuan Real Estate Group agreed with the owners of certain property units a periodic reduction and exemption of property management fees and parking fees (the “**Owners’ Fees**”). In response to the said commitment made by the Remaining Xinyuan Real Estate Group, on 25 December 2020, the Company agreed that the total amount of reduction and exemption of the Owners’ Fees was RMB4,429,200. Based on such arrangement, the Owners’ Fees payable by the owners of the said property units, who are Independent Third Parties, were borne and paid by the Remaining Xinyuan Real Estate Group instead and regarded as part of the XRE Property Management Services fees, resulting in the exceeding of the 2020 PMS Annual Cap by RMB2,438,000. Since neither Xinyuan Real Estate Holdings nor the Company could foresee such unscheduled change of payment arrangement, when making estimation of the 2020 PMS Annual Cap, the Company did not take into account such unpredictable circumstances nor provide any buffer amount therefor in arriving at the annual caps under the 2019 Property Management Services Framework Agreement.

The proposed annual caps for fees payable by Remaining Xinyuan Real Estate Group and/or its associate to the Group and/or its associate under the 2022 Property Management Services Framework Agreement for each of the three years ending 31 December 2024 are as follows:

	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
Proposed annual caps	RMB48,677,000	RMB63,872,000	RMB85,222,000

In projecting the annual caps of the 2022 Property Management Services Framework Agreement with reference to the historical amounts for the two years ended 31 December 2020 and the nine months ended 30 September 2021, the Company has taken into account of the fact that there was a delay in the delivery of two properties by the Remaining Xinyuan Real Estate Group. Considering that these two properties have already been delivered by the Remaining Xinyuan Real Estate Group for the Group’s management as at the Latest Practicable Date, the Group expects to generate aggregate property management

LETTER FROM THE BOARD

service fees of not less than RMB8 million for the three months ending 31 December 2021. Therefore, relevant adjustment in relation to the expected delivery of the said properties was made by the Company when taking reference to the historical amounts to determine the proposed annual caps of the 2022 Property Management Services Framework Agreement, in particular, the factor of estimated total GFA of unsold property units to be delivered by the Remaining Xinyuan Real Estate Group and/or its associates for the Group's management for the three years ending 31 December 2024.

Taking into account the aforementioned grounds, the Company took reference to the estimated annual amount of not less than RMB29 million for the year ending 31 December 2021 to determine the proposed annual caps of the 2022 Property Management Services Framework Agreement.

In arriving at the above annual caps of the 2022 Property Management Services Framework Agreement, the Directors have considered the following factors which are considered to be reasonable and justifiable in the circumstances:

- (i) the estimated additional GFA of unsold property units (including residential properties, commercial properties and car parking spaces) which will procure property management services from the Group with reference to (a) the estimated increase in the total GFA of the properties expected to be developed and delivered by the Remaining Xinyuan Real Estate Group for the three years ending 31 December 2024, based on the existing property management service contracts entered into with the Remaining Xinyuan Real Estate Group. According to the negotiations between the Group and the Remaining Xinyuan Real Estate Group, it is expected that the Group will be contracted to manage 130 properties which are under development by the Remaining Xinyuan Real Estate Group, comprising a GFA of approximately 6.4 million sq.m. These properties are expected to be delivered for the Group's management from 2022 to 2024; and (b) the estimated unsold property unit ratio for each of the three years ending 31 December 2024 by taking reference to the unsold property unit ratio during the two years ended 31 December 2020 and the nine months ended 30 September 2021, which is calculated by dividing the total GFA of unsold property units by the total GFA delivered by the Remaining Xinyuan Real Estate Group and under the Group's management during the two years ended 31 December 2020 and the nine months ended 30 September 2021, being approximately 2.43%, 4.31% and 3.45% as at 31 December 2019, 31 December 2020, and 30 September 2021, respectively. In projecting the estimated unsold property unit ratio for each of the three years ending 31 December 2024, 3.45%, being the unsold property unit ratio for the nine months ending 30 September 2021 which provided a more up-to-date reference to the prevailing situation of the property market, was adopted. Based on the current total GFA under the Group's management and the estimated additional GFA of unsold property units (including residential properties, commercial properties and car parking spaces), the Group can then

LETTER FROM THE BOARD

project the respective total GFA of the unsold property units (including residential properties, commercial properties and car parking spaces) for each of the three years ending 31 December 2024;

- (ii) a buffer of 10% to be applied on the expected property management service fee to cater for the complimentary property management fees provided by the Remaining Xinyuan Real Estate Group and/or its associates to the property owners in respect of sold property units after delivery under the property sales arrangement and thus borne and paid by the Remaining Xinyuan Real Estate Group and/or its associates to the Group and/or its associates on behalf of the property owners; and
- (iii) the property management services fees payable by the Remaining Xinyuan Real Estate Group and/or its associates for the year ending 31 December 2022 which are secured by the signed contracts are expected to be not less than RMB34 million.

The proposed annual caps of the 2022 Property Management Services Framework Agreement are arrived at by adopting the estimated total GFA of the unsold property units (including residential properties, commercial properties and car parking spaces) multiplied by the respective estimated service fees at which property management services will be charged per sq.m. (for residential properties and commercial properties) or per car parking space as well as a buffer of 10% on top of it as explained above.

Pricing policy

The service fees to be charged for the XRE Property Management Services shall be determined based on the regulations promulgated by the PRC government and after arm's length negotiations taking into account the location of the project, the anticipated operational costs (including labour costs, material costs and administrative costs) with reference to the fees for similar services and similar type of projects in the market.

Reasons for and benefits of the 2022 Property Management Services Framework Agreement

Property management services business is one of the operating segments of the Group and recorded substantial revenue growth of approximately 22.4% for year ended 31 December 2020 which amounted to approximately RMB653.7 million as compared to approximately RMB534.0 million for the year ended 31 December 2019. It has been the Group's intention to continue to expand its portfolio of GFA under management in the PRC. The Group and/or its associates have been providing XRE Property Management Services to the Remaining Xinyuan Real Estate Group and/or its associates for years and the provision of which is in the ordinary course of business of the Group. As the 2019 Property Management Services Framework Agreement will expire on 31 December 2021, the 2022 Property Management Services Framework Agreement was entered into so as to enable the

LETTER FROM THE BOARD

Group and/or its associates to continue to provide XRE Property Management Services to the Remaining Xinyuan Real Estate Group and/or its associates for generating stable income stream to the Group, which could further promote the business growth of the Group.

The Directors (including the independent non-executive Directors after taking into account the advice of the IFA but excluding the Excluded Directors (as defined below)) are of the view that the terms of the 2022 Property Management Services Framework Agreement are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

(2) The 2022 Pre-delivery and Consulting Services Framework Agreement

On 9 November 2021, the Company (for itself and on behalf of its subsidiaries and associates) (as service providers) entered into the 2022 Pre-delivery and Consulting Services Framework Agreement with Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) (as receiving parties), which is conditional upon the Company having obtained the approval by the Independent Shareholders. The principle terms are as follows:

Date	:	9 November 2021
Parties	:	(i) the Company (for itself and on behalf of its subsidiaries and associates) (as service providers); and (ii) Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) (as receiving parties)
Term	:	From 1 January 2022 until 31 December 2024

LETTER FROM THE BOARD

Services to be provided : The Group and/or its associates shall provide to the Remaining Xinyuan Real Estate Group and/or its associates pre-delivery and consulting services, including but not limited to (i) sales assistance services, which mainly involve providing property sales venue management services and property sales venue “warm-up” services to property developers at the pre-delivery stage of the relevant property or when the property is put onto the market for sale; (ii) early stage involvement services, which involve advising property developers at the early and construction stages of a property on project planning, design management and construction management to enhance a property; and (iii) referral and management services for unsold properties (collectively the “**XRE Pre-delivery and Consulting Services**”).

Annual caps and basis of determination

The existing annual caps for fees payable by Remaining Xinyuan Real Estate Group and/or its associate to the Group and/or its associate under the 2019 Pre-delivery and Consulting Services Framework Agreement for each of the three years ending 31 December 2021 are as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ending 31 December 2021
Existing annual caps (including repair and intelligent engineering services)	RMB82,573,000	RMB111,194,000	RMB156,080,000

LETTER FROM THE BOARD

The approximate historical amounts of fees paid by Remaining Xinyuan Real Estate Group and/or its associate to the Group and/or its associate under the 2019 Pre-delivery and Consulting Services Framework Agreement for each of the two years ended 31 December 2020 and the nine months ended 30 September 2021 are as follows:

	For the year ended 31 December 2019 (audited)	For the year ended 31 December 2020 (audited)	For the nine months ended 30 September 2021 (unaudited)
Historical amounts (including repair and intelligent engineering services)	RMB69,148,000	RMB109,963,000	RMB97,218,000
Historical amounts (excluding repair and intelligent engineering services) (<i>Note</i>)	RMB69,148,000	RMB90,598,000	RMB65,452,000

Note: The Company proposed to reclassify the repair and intelligent engineering services from the XRE Pre-delivery and Consulting Services to the XRE Property Engineering Services under the 2022 Property Engineering Services Framework Agreement for the reasons explained under the subsection headed “Entering into of new continuing connected transaction – (4) The 2022 Property Engineering Services Framework Agreement”.

The proposed annual caps for fees payable by Remaining Xinyuan Real Estate Group and/or its associate to the Group and/or its associate under the 2022 Pre-delivery and Consulting Services Framework Agreement for each of the three years ending 31 December 2024 are as follows:

	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
Proposed annual caps	RMB166,623,000	RMB190,182,000	RMB218,711,000

In projecting the annual caps of the 2022 Pre-delivery and Consulting Services Framework Agreement with reference to the historical amounts (excluding repair and intelligent engineering services) for the two years ended 31 December 2020 and the nine months ended 30 September 2021, although the historical amount (excluding repair and intelligent engineering services) for the nine months ended 30 September 2021 was approximately RMB65,452,000, the estimated annual amount (excluding repair and intelligent engineering services) for the year ending 31 December 2021 would not just be a

LETTER FROM THE BOARD

simple annualised amount of approximately RMB87.3 million but not less than RMB105 million based on the following grounds:

- (i) the demand for the property sales venue “warm-up” services is usually much higher in the fourth quarter of a year as such services are needed nearly delivery stage or when the property is put onto the market for sale, i.e. the fourth quarter of a year. In addition, due to the adverse effect of the unexpected flash floods that struck Zhengzhou in July 2021, the delivery of certain properties by the Remaining Xinyuan Real Estate Group to the property owners under existing early stage involvement agreements were delayed and are expected to be delivered in the fourth quarter of 2021. Given that in respect of the early stage involvement services, the Remaining Xinyuan Real Estate Group and/or its associates are required to make stage payments upon different stages, including entering into the agreement, obtaining the pre-sale certificates of the properties, completing the building inspection and acceptance and delivery of the properties to property owners, the Group expects to receive certain stage payments in the fourth quarter of 2021. In view of the above, the revenue to be generated from the pre-delivery and consulting services during the three months ended 31 December 2021 is expected to be not less than RMB37 million; and
- (ii) the flash floods that struck Zhengzhou in July 2021 mentioned above also led to delay in delivery of certain properties by the Remaining Xinyuan Real Estate Group and/or its associates, which shall in turn become new projects that demand the provision of sales assistance services and early stage involvement services by the Group and/or its associate during the three months ended 31 December 2021, and are expected to generate additional services fees of not less than RMB3 million for the three months ending 31 December 2021.

Taking into account the aforementioned grounds, the Company took reference to the estimated annual amount (excluding repair and intelligent engineering services) of not less than RMB105 million for the year ending 31 December 2021 to determine the proposed annual caps of the 2022 Pre-delivery and Consulting Services Framework Agreement.

The significant increase in the maximum annual fee payable by the Remaining Xinyuan Real Estate Group and/or its associates for the XRE Pre-delivery and Consulting Services is mainly due to (i) the expected expansion of the scope and the scale of the XRE Pre-delivery and Consulting Services; and (ii) the Group’s expected increase in the GFA to be developed and delivered by the Remaining Xinyuan Real Estate Group, which would procure the increase in the Remaining Xinyuan Real Estate Group’s demand for the Group’s pre-delivery and consulting services. During the year ended 31 December 2020, the Group provided the sales assistance services and the early stage involvement services to 22 and 19 properties developed by the Remaining Xinyuan Real Estate Group, respectively. With reference to the existing contracts, and the internal development and sales plan of the Remaining Xinyuan Real Estate Group, the Group expects to provide the sales assistance services and the early stage involvement services to 41 and 56 properties respectively for

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the three years ending 31 December 2024. The respective number of properties which would demand the provision of the sales assistance service and early stage involvement services out of the 41 and 56 properties for each of the three years ending 31 December 2024 cannot be ascertained, as it depends on the actual delivery and selling time of these properties. In addition, if the Remaining Xinyuan Real Estate Group develops and delivers further properties during the three years ending 31 December 2024, the number of properties that demand the provision of the sales assistance service and early stage involvement services would increase.

In arriving at the above annual caps of the 2022 Pre-delivery and Consulting Services Framework Agreement, the Directors have considered the following factors which are considered to be reasonable and justifiable in the circumstances:

- (i) the historical transaction amounts and the growth trend during the two years ended 31 December 2020 and the unaudited transaction amount for the nine months ended 30 September 2021;
- (ii) the estimated revenue to be recognised in relation to the XRE Pre-delivery and Consulting Services provided by the Group pursuant to existing contracts;
- (iii) in respect of sales assistance services, the Group's anticipated increase in the demand of the Remaining Xinyuan Real Estate Group for the Group's sales assistance services as a result of the estimated pre-sale schedule of the properties to be developed by the Remaining Xinyuan Real Estate Group;
- (iv) in respect of early stage involvement services, the Group's estimation of the contracted GFA to be developed by the Remaining Xinyuan Real Estate Group for the three years ending 31 December 2024, based on the development plan of the Remaining Xinyuan Real Estate Group with reference to its existing land reserve;
- (v) in respect of referral and management services for unsold properties, (a) the Group's estimation of the total GFA of the properties owned by the Remaining Xinyuan Real Estate Group and/or its associates which require such services to drive the selling of such properties for the three years ending 31 December 2024. For instance, as at 30 September 2021, the Remaining Xinyuan Real Estate Group and/ or its associates owned approximately 6.38 million sq.m. under development, of which approximately 2.67 million sq.m. were unsold, the Group and/or its associates may provide referral services for such unsold properties; and (b) the outlook of real estate industry in the PRC for the next three years; and

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- (vi) the early stage involvement services fees payable by the Remaining Xinyuan Real Estate Group and/or its associates for the year ending 31 December 2022 which are secured by the signed contracts are expected to be not less than RMB14 million. In respect of property sales venue management services, although the property sales venue management services are usually demanded by the Remaining Xinyuan Real Estate Group and/or its associates for several years for one property, the property sales venue management services are in general signed for one-year period and renewed afterwards. According to the estimated pre-sale schedule of the properties to be developed by the Remaining Xinyuan Real Estate Group and the historical property sales venue management services the Group provided, the Group expects that the existing signed contracts of certain properties will be renewed upon their expiry. The related revenue of property sales venue management services for the year ending 31 December 2022 is expected to be not less than RMB39 million. In addition, five properties currently under management by the Group are expected to be on sale in 2022, thus requiring the provision of property sales venue management services by the Group. It is expected that related revenue for the year ending 31 December 2022 is expected to be not less than RMB15 million. To summarise, based on the relevant existing signed contracts between the Group and the Remaining Xinyuan Real Estate Group and/or its associates, the aggregate early stage involvement services and property sales venue management services fees are expected to be not less than RMB68 million for the year ending 31 December 2022.

The proposed annual caps of the 2022 Pre-delivery and Consulting Services Framework Agreement are arrived at by adopting the sum of (i) proposed annual caps on property sales venue management services which is arrived at the estimated total GFA of the properties to be sold according to the estimated pre-sale schedule of the properties to be developed by the Remaining Xinyuan Real Estate Group and/or its associates for the three years ending 31 December 2024 multiplied by an estimated services fee at which property sales venue management services will be charged per sq.m.; (ii) proposed annual caps on property sales venue “warm-up” services which is arrived at the estimated total GFA of the properties to be sold according to the estimated pre-sale schedule of the properties to be developed by the Remaining Xinyuan Real Estate Group and/or its associates for the three years ending 31 December 2024 multiplied by an estimated services fee at which property sales venue “warm-up” services will be charged per sq.m.; (iii) proposed annual caps on early stage involvement services which is arrived at the estimated total GFA of the properties expected to be developed by the Remaining Xinyuan Real Estate Group and/or its associates for the three years ending 31 December 2024 multiplied by an estimated services fee at which early stage involvement services will be charged per sq.m.; and (iv) proposed annual caps on referral and management services for unsold properties which is arrived at estimated total GFA of the properties owned by the Remaining Xinyuan Real Estate Group and/or its associates which require such services to drive the selling of such properties for the three years ending 31 December 2024 multiplied by an estimated services fee at which referral and management services will be charged per sq.m..

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The estimation of the proposed annual caps of various pre-delivery and consulting services above are all calculated directly or indirectly with reference to the total GFA of the properties:

- (i) For early stage involvement services, the calculation is a straightforward approach as the relevant service fees are charged and estimated directly in accordance with the total GFA of properties to be developed.
- (ii) For property sales venue management services, the relevant service fees are estimated indirectly with reference to the total GFA of the properties to be sold, as the larger the total GFA of the properties involved, the more personnel will be involved in providing the relevant services, also the more facilities maintenance services will be needed in the property sales venue, thus the higher service fees would be generated. Taking into account of this correlation, and the practical difficulties that the Company encountered in using other factors to estimate the amount of property sales venue management services to be provided by the Group, the Company considers that the total GFA of the properties to be sold is the most predictable and reasonable factor that can be used in estimating the demand and thus the service fees of property sales venue management services.
- (iii) For property sales venue “warm-up” services, the relevant service fees are estimated indirectly with reference to the total GFA of the properties to be sold. The actual total “warm-up” services fees are affected by many factors, including the type of events to be held at the sales venue and the cost of the events. For example, larger property projects may require larger events such as music performance and carnivals, while smaller property projects may have fewer events, and may only have small promotional booths. The costs of different types of events vary a lot. Also, larger property projects usually require more events to be held for a longer period of time since the sales of larger property projects usually take longer time than that of smaller property projects. In general, the larger the total GFA of the properties involved, the higher the demand of services would be, thus the higher service fees would be generated. Taking into account of this correlation, and the practical difficulties that the Company encountered in using other factors to estimate the amount of services to be provided by the Group, the Company considers that the total GFA of the properties to be sold is the most predictable and reasonable factor that can be used in estimating the demand and thus the service fees of “warm-up” services.
- (iv) For referral and management services for unsold properties, the calculation is a straightforward approach as the relevant service fees are charged and estimated directly with reference to the total GFA of the properties that requires such services for driving the sales of properties.

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Pricing policy

The fees to be charged for the XRE Pre-delivery and Consulting Services shall be determined as follows:

- (i) Sales assistance service fees are determined after arm's length negotiations taking into account the location of the project, the anticipated operational costs (including labour costs and material costs) with reference to the fees for similar services and similar type of projects in the market.
- (ii) Early stage involvement service fees are determined after arm's length negotiations taking into account the GFA involved, the anticipated service costs and the prevailing market price for similar services in the market.
- (iii) The service fees for referral and management services for unsold properties to be charged shall be calculated by multiplying the selling price of the property sold to the buyer that the Group and/or its associates introduced with a certain service rate. The service rate shall be determined after arm's length negotiations with reference to the anticipated operational costs (including labour costs and material costs) and the type of the subject property.

Reasons for and benefits of the 2022 Pre-delivery and Consulting Services Framework Agreement

Pre-delivery and consulting services business is one of the operating segments of the Group and recorded substantial revenue growth of approximately 56.4% for year ended 31 December 2020 which amounted to approximately RMB141.9 million as compared to approximately RMB90.7 million for the year ended 31 December 2019. The Group and/or its associates have been providing XRE Pre-delivery and Consulting Services to the Remaining Xinyuan Real Estate Group and/or its associates for years and the provision of which is in the ordinary course of business of the Group. As the 2019 Pre-delivery and Consulting Services Framework Agreement will expire on 31 December 2021, the 2022 Pre-delivery and Consulting Services Framework Agreement was entered into so as to enable the Group and/or its associates to continue to provide XRE Pre-delivery and Consulting Services to the Remaining Xinyuan Real Estate Group and/or its associates for generating stable income stream to the Group, which could further promote the business growth of the Group.

The Directors (including the independent non-executive Directors after taking into account the advice of the IFA but excluding the Excluded Directors (as defined below)) are of the view that the terms of the 2022 Pre-delivery and Consulting Services Framework Agreement are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

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(3) The 2022 Value-added Services Framework Agreement

On 9 November 2021, the Company (for itself and on behalf of its subsidiaries and associates) (as service providers) entered into the 2022 Value-added Services Framework Agreement with Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) (as receiving parties), which is conditional upon the Company having obtained the approval by the Independent Shareholders. The principle terms are as follows:

Date	:	9 November 2021
Parties	:	(i) the Company (for itself and on behalf of its subsidiaries and associates) (as service providers); and (ii) Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) (as receiving parties)
Term	:	From 1 January 2022 until 31 December 2024
Services to be provided	:	The Group and/or its associates shall provide to the Remaining Xinyuan Real Estate Group and/or its associates value-added services, including but not limited to the provision of onsite cleaning, operations and other related services at the pre-delivery stage and the delivery events for the property development projects, utility fee collection service, “400 CS Center” service and other value-added services (collectively the “XRE Value-added Services”).

Annual caps and basis of determination

The existing annual caps for fees payable by Remaining Xinyuan Real Estate Group and/ or its associate to the Group and/or its associate under the 2019 Value-added Services Framework Agreement for each of the three years ending 31 December 2021 are as follows:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ending 31 December 2021
Existing annual caps	RMB21,978,000	RMB29,385,000	RMB41,140,000

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The approximate historical amounts of fees paid by Remaining Xinyuan Real Estate Group and/or its associate to the Group and/or its associate under the 2019 Value-added Services Framework Agreement for each of the two years ended 31 December 2020 and the nine months ended 30 September 2021 are as follows:

	For the year ended 31 December 2019 (audited)	For the year ended 31 December 2020 (audited)	For the nine months ended 30 September 2021 (unaudited)
Historical amounts	RMB20,982,000	RMB13,217,000	RMB9,835,000

The proposed annual caps for fees payable by Remaining Xinyuan Real Estate Group and/or its associate to the Group and/or its associate under the 2022 Value-added Services Framework Agreement for each of the three years ending 31 December 2024 are as follows:

	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
Proposed annual caps	RMB44,900,000	RMB56,082,000	RMB66,446,000

In projecting the annual caps of the 2022 Value-added Services Framework Agreement, the Company has made certain adjustment when taking reference to the historical amounts for the two years ended 31 December 2020 and the nine months ended 30 September 2021 based on the following grounds:

- (i) the Group's provision of the value-added services to the Remaining Xinyuan Real Estate Group and/or its associates decreased by approximately 37.0% from approximately RMB20,982,000 for the year ended 31 December 2019 to approximately RMB13,217,000 for the year ended 31 December 2020. Such decline was primarily attributable to the decrease in the average service fees by approximately 20%, due to the fact that unlike property management services and pre-delivery and consulting services which are regarded as essential services for the developed and delivered properties, the demand for value-added services decreased as a result of the outbreak of COVID-19 in 2020. In addition, the delivery of certain properties developed by the Remaining Xinyuan Real Estate Group was delayed as a result of the outbreak of COVID-19 and dust control regulations imposed by the local government in 2020;
- (ii) due to the unexpected flash floods that struck Zhengzhou in July 2021 which has resulted in the further delay in the delivery of certain properties developed by the Remaining Xinyuan Real Estate Group, the Group's provision of value-added

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services to the Remaining Xinyuan Real Estate Group and/or its associates for the nine months ended 30 September 2021 was adversely affected and amounted to approximately RMB9,835,000. Regarding the additional properties to be delivered and under management by the Group in the fourth quarter of 2021, it is expected that the Remaining Xinyuan Real Estate Group and/or its associates would procure the Group's value-added services of not less than RMB13 million for the three months ending 31 December 2021.

Taking into account the aforementioned grounds, the Company took reference to the estimated annual amount of not less than RMB25 million for the year ending 31 December 2021 to determine the proposed annual caps of the 2022 Value-added Services Framework Agreement.

As the business lines of the Group are inter-related and complementary, the Remaining Xinyuan Real Estate Group's demand for the Group's value-added services would increase with its demand for the Group's other services, leading to the increase in the maximum annual fee payable by the Remaining Xinyuan Real Estate Group and/ or its associates for the XRE Value-added Services. In particular, properties under development would generate new engagements for the Group's pre-delivery and consulting services; and such properties once developed by the Remaining Xinyuan Real Estate Group would then be managed by the Group, as result of which it is also expedient for the Remaining Xinyuan Real Estate Group to engage the Group's value-added services during the pre-delivery stage, at the delivery events or thereafter. As such, the estimated increase in the contracted GFA to be delivered by the Remaining Xinyuan Real Estate Group for the three years ending 31 December 2024 would also increase the Remaining Xinyuan Real Estate Group's demand for the Group's value-added services.

In arriving at the above annual caps of the XRE Value-added Services, the Directors have considered the following factors which are considered to be reasonable and justifiable in the circumstances:

- (i) the estimated revenue to be recognised in relation to the XRE Value-added Services provided by the Group pursuant to the existing contracts, and the internal development and sales plan of the Remaining Xinyuan Real Estate Group;
- (ii) the Group's anticipated increase in the demand of the Remaining Xinyuan Real Estate Group for the XRE Value-added Services as a result of (a) the Group's estimation of the contracted GFA to be delivered by the Remaining Xinyuan Real Estate Group for the three years ending 31 December 2024, based on the development and sales plan of the Remaining Xinyuan Real Estate Group with reference to its existing land reserve; and (b) the increase in the scale of the Group's value-added services. Given the immense needs of the Remaining Xinyuan Real Estate Group for such services at the pre-delivery stage and the delivery events, the Group has been expanding its scale and enhancing its

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capacity, and intend to provide such services to all the properties which are expected to be delivered by the Remaining Xinyuan Real Estate Group during the three years ending 31 December 2024 as per its internal development and sales plan; and

- (iii) with regard to the Company's estimation on service fees for the provision of value-added services for the three years ending 31 December 2024, the service fees are projected with reference to the historical average fees and a growth rate of 5% per annum.

The proposed annual caps of the 2022 Value-added Services Framework Agreement are arrived at by adopting the estimated total GFA of the properties to be delivered by the Remaining Xinyuan Real Estate Group for the three years ending 31 December 2024 multiplied by the estimated service fees at which value-added services will be charged per sq.m.. The larger the total GFA of the properties to be delivered, the more demand for value-added services to be provided which involve mainly onsite cleaning and operations at the pre-delivery stage, so the estimation of the proposed annual caps of various value-added services are estimated directly with reference to the total GFA of the properties to be delivered by the Remaining Xinyuan Real Estate Group.

Pricing policy

The fees to be charged for the XRE Value-added Services shall be determined after arm's length negotiations taking into account the location of the project, the anticipated operational costs (including labour costs, material costs and administrative costs) with reference to the fees for similar services and similar type of projects in the market.

Reasons for and benefits of the 2022 Value-added Services Framework Agreement

Value-added services business is one of the operating segments of the Group, the Group has been further expanding the coverage of its value-added services in recent years. The Group and/or its associates have been providing XRE Value-added Services to the Remaining Xinyuan Real Estate Group and/or its associates for years and the provision of which is in the ordinary course of business of the Group. As the 2019 Value-added Services Framework Agreement will expire on 31 December 2021, the 2022 Value-added Services Framework Agreement was entered into so as to enable the Group and/or its associates to continue to provide XRE Value-added Services to the Remaining Xinyuan Real Estate Group and/or its associates for generating stable income stream to the Group, which could further promote the business growth of the Group.

The Directors (including the independent non-executive Directors after taking into account the advice of the IFA but excluding the Excluded Directors (as defined below)) are of the view that the terms of the 2022 Value-added Services Framework Agreement are fair and reasonable, and the transactions contemplated thereunder are on normal commercial

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terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

ENTERING INTO OF NEW CONTINUING CONNECTED TRANSACTION

(4) The 2022 Property Engineering Services Framework Agreement

On 9 November 2021, the Company (for itself and on behalf of its subsidiaries and associates) (as service providers) entered into the 2022 Property Engineering Services Framework Agreement with Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) (as receiving parties), which is conditional upon the Company having obtained the approval by the Independent Shareholders. The principle terms are as follows:

Date	:	9 November 2021
Parties	:	(i) the Company (for itself and on behalf of its subsidiaries and associates) (as service providers); and (ii) Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) (as receiving parties)
Term	:	From 1 January 2022 until 31 December 2024
Services to be provided	:	The Group and/or its associates shall provide to the Remaining Xinyuan Real Estate Group and/or its associates property engineering services, including but not limited to (i) repairs engineering services, which involve providing repairs services and project quality enhancement maintenance services for development projects during the warranty period; (ii) intelligent engineering services, which involve providing construction services for intelligent systems; (iii) landscaping engineering services; (iv) firefighting engineering services; (v) decoration and renovation engineering service; (vi) elevators engineering services; and (vii) other miscellaneous engineering services (collectively the “ XRE Property Engineering Services ”).

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The repair and intelligent engineering services were previously included in the service scope under the 2019 Pre-delivery and Consulting Services Framework Agreement because the service fees payable for repair and intelligent engineering services only accounted for a less significant proportion of the total service fees for all the services under the 2019 Pre-delivery and Consulting Services Framework Agreement, which is nil and approximately 17.6% for each of the two years ended 31 December 2020.

Nonetheless, based on the Group's management accounts for the nine months ended 30 September 2021, the unaudited transaction amount for the repair and intelligent engineering services to be provided by the Group and/or its associates to the Remaining Xinyuan Real Estate Group and/or its associates under the 2019 Pre-delivery and Consulting Services Framework Agreement for the nine months ended 30 September 2021 was approximately RMB31,766,000, which accounted for approximately 32.7% of the total unaudited transaction amount for all the services under the 2019 Pre-delivery and Consulting Services Framework Agreement for the nine months ended 30 September 2021. As the Group has been actively improving the quality and expanding the scope of its property engineering services in the recent years, the Remaining Xinyuan Real Estate Group intends to demand more property engineering services to be provided by the Group. As such, it is expected that there will be a substantial increase in demand for the property engineering services (including but not limited to repair and intelligent engineering services) to be provided by the Group and/or its associates to the Remaining Xinyuan Real Estate Group and/or its associates in the coming years. The Group considers this an opportunity to expand its property engineering services business and also expects the property engineering services to become a new significant operating segment of the Group. As such, the Group considers it more appropriate to reclassify the repair and intelligent engineering services from the XRE Pre-delivery and Consulting Services to the XRE Property Engineering Services under the 2022 Property Engineering Services Framework Agreement, and that the entering into of the 2022 Property Engineering Services Framework Agreement would allow a better classification of the business segments of the Group.

Annual caps and basis of determination

The approximate historical amounts of fees paid by Remaining Xinyuan Real Estate Group and/or its associate to the Group and/or its associate for the repair and intelligent engineering services under the 2019 Pre-delivery and Consulting Services Framework Agreement for each of the two years ended 31 December 2020 and the nine months ended 30 September 2021 are as follows:

	For the year ended 31 December 2019 (audited)	For the year ended 31 December 2020 (audited)	For the nine months ended 30 September 2021 (unaudited)
Historical amounts	–	RMB19,365,000	RMB31,766,000

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The proposed annual caps for fees payable by Remaining Xinyuan Real Estate Group and/or its associate to the Group and/or its associate under the 2022 Property Engineering Services Framework Agreement for each of the three years ending 31 December 2024 are as follows:

	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
Proposed annual caps	RMB178,242,000	RMB204,979,000	RMB235,725,000

In arriving at the above annual caps of the 2022 Property Engineering Services Framework Agreement, the Directors have considered the following factors which are considered to be reasonable and justifiable in the circumstances:

- (i) the anticipated demand for such services of the Remaining Xinyuan Real Estate Group with reference to its development plan for the three years ending 31 December 2024 and based on the Group's discussion with the Remaining Xinyuan Real Estate Group during the negotiations of the terms of the 2022 Property Engineering Services Framework Agreement;
- (ii) the Group's estimation of its enhanced capacity to provide property engineering services for the three years ending 31 December 2024, which will cover more than just repair and intelligent engineering services, but also landscaping engineering services, firefighting engineering services, decoration and renovation engineering service, elevators engineering services and other miscellaneous engineering services;
- (iii) in light of the Group's expected increasing GFA to be developed and delivered by the Remaining Xinyuan Real Estate Group and the growing demand for residential communities in the PRC, the Group expects a substantial growth in the demand for the Group's property engineering services for the next three years. With reference to the existing contracts, and the internal development and sales plan of the Remaining Xinyuan Real Estate Group, the Group expects to provide the repair and intelligent engineering services to at least 49 new properties for the three years ending 31 December 2024 (the existing development projects of the Remaining Xinyuan Real Estate Group, excluding any future new development projects of the Remaining Xinyuan Real Estate Group); and
- (iv) as affected by the unexpected flash floods that struck Zhengzhou in July 2021 and the outbreak of COVID-19 in some cities of the PRC in 2021, the delivery of certain repair and intelligent engineering projects was delayed. It is expected that the transactions under various contracts relating to the repair and intelligent

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engineering services to be provided by the Group and/or its associates to the Remaining Xinyuan Real Estate Group and/or its associates used to be under the 2019 Pre-delivery and Consulting Services Framework Agreement are expected to be substantially completed in 2022 as the Remaining Xinyuan Real Estate Group and/or its associates would increase the development and delivery progress of the development projects, which would in turn drive the progress of the repair and intelligent engineering services and the related revenue to be recognised by the Group in 2022. Based on the signed repair and intelligent engineering services contracts between the Group and the Remaining Xinyuan Real Estate Group and/or its associates entered into in 2020 and 2021, the aggregate contract sum has amounted to not less than RMB157 million. Given that (i) the Group's provision of repair and intelligent services fees to the Remaining Xinyuan Real Estate Group and/or its associates for the years ended 31 December 2019 and 2020 and the nine months ended 30 September 2021 amounted to nil, approximately RMB19.4 million and RMB31.8 million, respectively; and (ii) the related revenue is expected to be recognised substantially in 2022 based on the Group's historical repair and intelligent engineering services work, it is expected that the repair and intelligent engineering services fees payable by the Remaining Xinyuan Real Estate Group and/or its associates for the year ending 31 December 2022 which are secured by the signed contracts are expected to be not less than RMB90 million.

The proposed annual caps of the 2022 Property Engineering Services Framework Agreement are arrived at by adopting the estimated total GFA of the properties expected to be developed by the Remaining Xinyuan Real Estate Group for the three years ending 31 December 2024 multiplied by an estimated services fee at which property engineering services will be charged per sq.m. as well as an annual growth rate of 5%. The estimation of the proposed annual caps of property engineering services are calculated indirectly with reference to the total GFA of the properties expected to be developed by the Remaining Xinyuan Real Estate Group. Save for repair and intelligent engineering services which were provided by the Group in the past, the current property engineering services cover more types, including landscaping engineering services, firefighting engineering services, decoration and renovation engineering service, elevators engineering services to which there is no past reference for estimating the total service fees to be generated. In general, the larger the total GFA of the properties involved, the higher the demand of services would be, thus the higher service fees would be generated. Taking into account of this correlation, and the practical difficulties that the Company encountered in using various factors to estimate the amount of various property engineering services to be provided by the Group, the Company considers that the total GFA is the most predictable and reasonable factor that can be used in estimating the demand and thus the service fees of such services.

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Pricing policy

The fees to be charged for the XRE Property Engineering Services is determined after arm's length negotiations taking into account the scope of services under each of such contracts, the anticipated operational costs (including labour costs and material costs and obtaining quotations from equipment manufacturers to determine the construction budget) with reference to the fees for similar services and similar type of projects in the market.

Reasons for and benefits of the 2022 Property Engineering Services Framework Agreement

The Group and/or its associates have been providing repair and intelligent engineering services to the Remaining Xinyuan Real Estate Group and/or its associates since 2020 and the provision of which is in the ordinary course of business of the Group. As the Group has been actively improving the quality and expanding the scope of its engineering services in the recent years, it is expected that there will be a substantial increase in demand for the property engineering services (including but not limited to repair and intelligent engineering services) to be provided by the Group and/or its associates to the Remaining Xinyuan Real Estate Group and/or its associates in the coming years, and such cooperation between the Group and the Remaining Xinyuan Real Estate Group in the provision of property engineering services through the entering into of the 2022 Property Engineering Services Framework Agreement would help the Group build its property engineering services and enhance the Group's business growth.

The Directors (including the independent non-executive Directors after taking into account the advice of the IFA but excluding the Excluded Directors (as defined below)) are of the view that the terms of the 2022 Property Engineering Services Framework Agreement are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Group

As one of the comprehensive property management services providers in the PRC, the Group offers a wide range of services covering the pre-delivery and post-delivery phases to property developers, property owners and property occupants for their enjoyment of community life, which can be categorised in three main business lines, namely, (i) property management services; (ii) value-added services; and (iii) pre-delivery and consulting services.

As at the Latest Practicable Date, Xinyuan Real Estate Holdings is indirectly interested in approximately 52.86% of the total number of issued Shares in the Company, and is one of the Controlling Shareholders of the Company.

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The Xinyuan Real Estate Group

Xinyuan Real Estate Group is a property developer founded by Mr. Zhang Yong, the chairman of the Board and one of the non-executive Directors, in 1997 and has been dedicated to developing real estate properties with quality and innovative technology. Xinyuan Real Estate Group has been primarily focusing its businesses in the PRC and currently operates in 20 cities over the PRC. Xinyuan Real Estate Group focuses on developing large scale quality residential projects with the aim of providing middle-class consumers with a comfortable and convenient community life. In addition to the residential projects, Xinyuan Real Estate Group has also developed and is operating and managing several shopping malls in the PRC. In addition to the PRC market, Xinyuan Real Estate Group also keeps exploring opportunities globally to expand its operation to overseas markets (including several cities in the United States, the United Kingdom and Malaysia). The shares in Xinyuan Real Estate Holdings have been listed on the New York Stock Exchange (stock code: XIN) for trading since December 2007.

As at the Latest Practicable Date, Mr. Zhang Yong is beneficially interested in approximately 30.18% of the issued shares of Xinyuan Real Estate Holdings, and Ms. Yang Yuyan, one of the non-executive Directors, may be deemed to be beneficially interested in all the shares of Xinyuan Real Estate Holdings held directly or indirectly by The Spectacular Stage Trust (equivalent to 26.51% of the issued shares of Xinyuan Real Estate Holdings).

INTERNAL CONTROL POLICIES FOR CONTINUING CONNECTED TRANSACTIONS

In order to ensure that the fees charged to the Remaining Xinyuan Real Estate Group under the 2022 Framework Agreements are on normal commercial terms, the Group will implement the following procedures before signing the relevant agreements:

- (i) The relevant business department of the Company will be responsible for submitting business proposals as well as fee proposals. Under relevant PRC laws and regulations, the Company has to undergo a tender process in order to be selected as the property management service provider. After winning a tender, the Company will then enter into preliminary property management services agreements with the relevant property developer. Such preliminary property management services agreements can be entered into by the property developer on behalf of property owners before the establishment of property owners' association and shall be legally binding on property owners. The property management service fees are charged in accordance with the standards set out in the preliminary property management services agreements, and the same standards will apply to the Remaining Xinyuan Real Estate Group and to Independent Third Parties customers. The fee proposals for XRE Pre-delivery and Consulting Services, XRE Value-added Services and XRE Property Engineering Services will be formulated by collecting data on service quotations for comparable services in the market and the fee rates charged by the Company to Independent Third Parties customers in the past six months (where applicable), and the business department will make reference to

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service quotations for not less than three comparable services and/or comparable types of projects in the market, and the minimum fee proposal will be determined on the basis of fee rates not lower than those for market comparables;

- (ii) the finance department of the Company will review the relevant business proposals and the fee proposals, focusing on whether the terms of the proposed agreements will be in line with normal commercial terms, whether the fee proposals will be in line with or better than the prevailing market price and whether they can attain the Company's expected profit;
- (iii) the finance department of the Company will submit the relevant draft agreements and supporting documents to the management of the Company for review, which is currently led by Ms. Wang Yanbo, who has over 17 years of management experience in property management companies; and
- (iv) after the relevant draft agreements with fee proposals and the relevant documents have been approved by the management of the Company, the draft agreements with fee proposals and the relevant documents will be submitted to the members of the Board (as Mr. Zhang Yong, Ms. Yang Yuyan and Mr. Li Yifan are also directors of Xinyuan Real Estate Holdings, they shall abstain from voting at the relevant Board meeting) for review and approval by the Board.

The above measures will help to ensure that the transactions contemplated under the 2022 Framework Agreements will be conducted on normal commercial terms or better terms and the fees specified therein shall not be less than the prevailing market rates and the fees charged by the Company to Independent Third Parties customers.

In addition to the measures set out above, to ensure individual transactions will be conducted in accordance with the terms of the 2022 Framework Agreements and the aforesaid pricing policy, the Group has adopted the following internal control measures:

- (i) the finance department of the Group will closely monitor each transaction conducted under the 2022 Framework Agreements, and regularly report monitoring data to the compliance department designated by the Company. The compliance department will then summarise and monitor the total transaction amounts under each of the 2022 Framework Agreements, and quarterly assess the annual caps of the respective 2022 Framework Agreements to ensure that the transaction amounts do not exceed the proposed annual caps. Continuous monitoring will be in place before, during and after each transaction, to ensure that the responsibilities are duly fulfilled;
- (ii) the implementation of each contract entered into pursuant to the 2022 Framework Agreements must be approved by the business department, the finance management department, the legal department and the management to ensure that it is in accordance with the pricing policy and the principal terms of the 2022 Framework Agreements;

LETTER FROM THE BOARD

- (iii) the auditors of the Company shall conduct annual reviews on the prices and the annual caps of the continuing connected transactions to ensure that the total transaction amounts are within the annual caps and that the transactions are conducted in accordance with the principal terms of the 2022 Framework Agreements; and
- (iv) the Board (including the independent non-executive Directors) will review the quarterly monitoring reports on the transactions conducted under the 2022 Framework Agreements issued by the management to ensure that the transactions are entered into in the ordinary and usual course of business of the Company and on normal commercial terms, and the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Xinyuan Real Estate Holdings is indirectly interested in approximately 52.86% of the total number of issued Shares in the Company, and is one of the Controlling Shareholders of the Company. Therefore, Xinyuan Real Estate Holdings and its associates are connected persons of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the 2022 Framework Agreements constitute connected transactions of the Company.

As the highest applicable percentage ratio in respect of the 2022 Property Management Services Framework Agreement exceeds 5% and the proposed annual caps exceed HK\$10,000,000, the transactions contemplated thereunder are subject to the annual reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the 2022 Pre-delivery and Consulting Services Framework Agreement exceeds 25%, the transactions contemplated thereunder are subject to the annual reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the 2022 Value-added Services Framework Agreement exceeds 5% and the proposed annual caps exceed HK\$10,000,000, the transactions contemplated thereunder are subject to the annual reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the 2022 Property Engineering Services Framework Agreement exceeds 25%, the transactions contemplated thereunder are subject to the annual reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, since the 2022 Framework Agreements are all entered into with the same counterparties, Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates), the transactions contemplated thereunder shall be aggregated and treated as if they

LETTER FROM THE BOARD

were one transaction pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules. The highest applicable percentage ratio in respect of the aggregated largest proposed annual caps under each of the 2022 Framework Agreements exceeds 25%, the transactions contemplated under the 2022 Framework Agreements are therefore subject to the annual reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Zhang Yong, Ms. Yang Yuyan and Mr. Li Yifan (collectively, the “**Excluded Directors**”) are also the directors of Xinyuan Real Estate Holdings, they have abstained from voting on the resolutions in respect of the 2022 Framework Agreements and the transactions contemplated thereunder at the relevant Board meeting. Save as disclosed above, none of the other Directors has any material interest in the 2022 Framework Agreements and the transactions contemplated thereunder and none of them were required to abstain from voting on the resolutions thereof at the relevant Board meeting.

EGM

A notice convening the EGM to held at Small Meeting Room, 2/F., International Living Clubhouse, 18 Xinyuan Road, Jinshui District, Zhengzhou, Henan Province, PRC on 30 December 2021 at 2:00 p.m. is set out on pages EGM-1 to EGM-3 of this circular for the purpose of the Independent Shareholders considering and, if thought fit, approving, among other things, the 2022 Framework Agreements and the transactions contemplated thereunder.

Pursuant to Rule 13.39(4) of the Listing Rules, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, all votes at the EGM will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

As at the Latest Practicable Date, (i) Xinyuan Real Estate Holdings' associate Xinyuan Real Estate, Ltd. (a company wholly owned by Xinyuan Real Estate Holdings) directly and beneficially held 300,000,000 Shares, representing approximately 52.86% of the total number of issued Shares in the Company; (ii) Mr. Zhang Yong was a shareholder, a director and the chairman of Xinyuan Real Estate Holdings, while his associate Victory Destiny Holdings Limited (a company wholly owned by Mr. Zhang Yong) directly and beneficially held 15,000,000 Shares, representing approximately 2.64% of the total number of issued Shares in the Company; and (iii) Ms. Yang Yuyan was a shareholder and a director of Xinyuan Real Estate Holdings, while her associate Grace Hope Holdings Limited (a company wholly owned by Ms. Yang Yuyan) directly and beneficially held 15,000,000 Shares, representing approximately 2.64% of the total number of issued Shares in the Company. Xinyuan Real Estate, Ltd., Victory Destiny Holdings Limited and Grace Hope Holdings Limited will be required to abstain from voting in respect of the resolutions to approve the 2022 Framework Agreements and the transactions contemplated thereunder. Save as disclosed above, as at the Latest Practicable Date, to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, no other Shareholder had any material interest in the 2022 Framework Agreements and the transactions contemplated thereunder, and no other Shareholder was required to abstain

LETTER FROM THE BOARD

from voting at the EGM in respect of the 2022 Framework Agreements and the transactions contemplated thereunder.

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 29 December 2021 to Thursday, 30 December 2021, both dates inclusive, during which period no transfer of Shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 28 December 2021.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

RECOMMENDATION

The Directors (including the independent non-executive Directors after taking into account the advice of the Independent Financial Adviser but excluding the Excluded Directors) consider that the terms of the 2022 Framework Agreements are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors after taking into account the advice of the Independent Financial Adviser but excluding the Excluded Directors) recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in relation to the 2022 Framework Agreements and the transactions contemplated thereunder.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 36 to 37 of this circular, the letter from the Independent Financial Adviser set out on pages 38 to 71 of this circular and the additional information set out in the appendix to this circular.

Yours faithfully

By order of the Board

Xinyuan Property Management Service (Cayman) Ltd.

WANG Yanbo

Executive Director and Chief Executive Officer

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)

14 December 2021

To the Independent Shareholders

Dear Sir or Madam,

**(I) RENEWAL OF
EXISTING CONTINUING CONNECTED TRANSACTIONS;
(II) ENTERING INTO OF
NEW CONTINUING CONNECTED TRANSACTION;
AND
(III) NOTICE OF THE EGM**

We refer to the circular dated 14 December 2021 issued by the Company to the Shareholders (the “**Circular**”) of which this letter forms part. Terms used in this letter shall bear the same meanings as defined in the Circular unless the context otherwise requires.

We have been authorised by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in its opinion, the terms of the 2022 Framework Agreements are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Rainbow Capital (HK) Limited, the Independent Financial Adviser, has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the 2022 Framework Agreements and the transactions contemplated thereunder.

We wish to draw your attention to the letter from the Board set out on pages 7 to 35 of the Circular and the letter from the Independent Financial Adviser set out on pages 38 to 71 of the Circular, both of which provide details of the 2022 Framework Agreements and the transactions contemplated thereunder.

Having considered, among other matters, the 2022 Framework Agreements and the transactions contemplated thereunder, the advice of the Independent Financial Adviser, and the relevant information contained in the letter from the Board, we are of the opinion that the terms of the 2022 Framework Agreements are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in relation to the 2022 Framework Agreements and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
The Independent Board Committee of
Xinyuan Property Management Service (Cayman) Ltd.

Mr. LUO Ji
Independent Non-executive Director

Mr. FU Shaojun
Independent Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Rainbow Capital (HK) Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



RAINBOW CAPITAL (HK) LIMITED
宏 博 資 本 有 限 公 司

14 December 2021

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

**(I) RENEWAL OF
EXISTING CONTINUING CONNECTED TRANSACTIONS;
AND
(II) ENTERING INTO OF
NEW CONTINUING CONNECTED TRANSACTION**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Group's provision of property management services, pre-delivery and consulting services, value-added services and property engineering services to the Remaining Xinyuan Real Estate Group and/or its associates for the three years ending 31 December 2024 pursuant to the 2022 Property Management Services Framework Agreement, 2022 Pre-delivery and Consulting Services Framework Agreement, 2022 Value-added Services Framework Agreement and 2022 Property Engineering Services Framework Agreement (collectively the **"2022 Framework Agreements"**, including the proposed annual caps thereunder (the **"Proposed Annual Caps"**)), for which the Independent Shareholders' approval is being sought (the **"Proposed Continuing Connected Transactions"**). Details of the Proposed Continuing Connected Transactions are set out in the "Letter from the Board" (the **"Letter from the Board"**) contained in the circular issued by the Company to the Shareholders dated 14 December 2021 (the **"Circular"**), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, Xinyuan Real Estate Holdings is indirectly interested in approximately 52.86% of the total number of issued Shares in the Company, and is one of the Controlling Shareholders of the Company. Therefore, Xinyuan Real Estate Holdings and its associates are connected persons of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the 2022 Framework Agreements constitute connected transactions of the Company.

As the highest applicable percentage ratio in respect of the 2022 Property Management Services Framework Agreement exceeds 5% and the proposed annual caps exceed HK\$10,000,000, the transactions contemplated thereunder are subject to the annual reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the 2022 Pre-delivery and Consulting Services Framework Agreement exceeds 25%, the transactions contemplated thereunder are subject to the annual reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the 2022 Value-added Services Framework Agreement exceeds 5% and the proposed annual caps exceed HK\$10,000,000, the transactions contemplated thereunder are subject to the annual reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the 2022 Property Engineering Services Framework Agreement exceeds 25%, the transactions contemplated thereunder are subject to the annual reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, since the 2022 Framework Agreements are all entered into with the same counterparties, Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates), the transactions contemplated thereunder shall be aggregated and treated as if they were one transaction pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules. The highest applicable percentage ratio in respect of the aggregated proposed annual caps under each of the 2022 Framework Agreements exceeds 25%, the transactions contemplated under the 2022 Framework Agreements are therefore subject to the annual reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Save for Xinyuan Real Estate Holdings, Mr. Zhang Yong, Ms. Yang Yuyan and their respective associates who are considered to have material interest in the 2022 Framework Agreements, no other Shareholder is required to abstain from voting on the relevant resolutions at the EGM to approve the 2022 Framework Agreements and the Proposed Continuing Connected Transactions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising two independent non-executive Directors, namely Mr. Luo Ji and Mr. Fu Shaojun, has been formed to advise the Independent Shareholders on whether the terms of the 2022 Framework Agreements (including the Proposed Annual Caps) are fair and reasonable. We, Rainbow Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group, or Xinyuan Real Estate Holdings that could reasonably be regarded as relevant to our independence. We have acted as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the proposed grant of the exclusive rights to sell car parking spaces, details of which are set out in the circular of the Company dated 30 October 2020. Other than that, there was no engagement between the Group and us in the last two years. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Group or Xinyuan Real Estate Holdings. Accordingly, we are qualified to give independent advice in respect of the 2022 Framework Agreements and the Proposed Continuing Connected Transactions.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, or any of its respective substantial shareholders, subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the terms of the 2022 Framework Agreements (including the Proposed Annual Caps), we have taken into account the principal factors and reasons set out below:

1. Information of the Group and Xinyuan Real Estate Group

1.1 The Group

Since the establishment in 1998, the Group is principally engaged in the provision of property management services, value-added services and pre-delivery and consulting services to property developers, property owners and property occupants. Over the years, the Group manages various types of properties, including residential properties, integrated properties, office buildings, industrial park etc. It has consistently been ranked among the top 100 property management companies of China over the years and was recognised by the China Index Academy as top 15 of China's top 100 property service enterprises in the first half of 2021. The Shares have been listed on the Stock Exchange on 11 October 2019.

The Group is one of the fast-growing property management companies amongst the top 100 property management companies in terms of revenue growth rate in the PRC. As at 30 June 2021, the Group had a total of 254 contracted property projects covering 49 cities in the PRC, with contracted gross floor area ("GFA") amounting to approximately 57.0 million sq.m. and GFA under management amounting to approximately 36.2 million sq.m. For the six months ended 30 June 2021, the Group recorded revenue of approximately RMB337.5 million and profit attributable to the Shareholders of approximately RMB64.2 million respectively, representing an increase of approximately 29.4% and 16.0% as compared with the corresponding period in 2020 respectively.

1.2 Xinyuan Real Estate Group

Xinyuan Real Estate Group is a property developer founded by Mr. Zhang Yong, the chairman of the Board and one of the non-executive Directors, in 1997 and has been dedicated to developing real estate properties with quality and innovative technology. Xinyuan Real Estate Group has been primarily focusing its businesses in the PRC and currently operates in 20 cities over the PRC. Xinyuan Real Estate Group focuses on developing large scale quality residential projects with the aim of providing middle-class consumers with a comfortable and convenient community life. In addition to the residential projects, Xinyuan Real Estate Group has also developed

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and is operating and managing several shopping malls in the PRC. In addition to the PRC market, Xinyuan Real Estate Group also keeps exploring opportunities globally to expand its operation to overseas markets (including several cities in the United States, the United Kingdom and Malaysia). The shares of Xinyuan Real Estate Holdings have been listed on the New York Stock Exchange (stock code: XIN) for trading since December 2007.

As at the Latest Practicable Date, Mr. Zhang Yong is beneficially interested in approximately 30.18% of the issued shares of Xinyuan Real Estate Holdings, and Ms. Yang Yuyan, one of the non-executive Directors, may be deemed to be beneficially interested in all the shares of Xinyuan Real Estate Holdings held directly or indirectly by The Spectacular Stage Trust (equivalent to 26.51% of the issued shares of Xinyuan Real Estate Holdings).

2. The Proposed Continuing Connected Transactions

2.1 2022 Property Management Services Framework Agreement

(a) Background and reasons

As stated in the Letter from the Board, property management services business is one of the operating segments of the Group and recorded substantial revenue growth of approximately 22.4% for the year ended 31 December 2020. It has been the Group's intention to continue to expand its portfolio of GFA under management in the PRC. The Group and/or its associates have been providing property management services to the Remaining Xinyuan Real Estate Group and/or its associates for years and the provision of which is in the ordinary course of business of the Group. On 16 September 2019, the Company (for itself and on behalf of its subsidiaries and associates) (as service providers) entered into the 2019 Property Management Services Framework Agreement with Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) (as receiving parties) in relation to the provision by the Group and/or its associates to the Remaining Xinyuan Real Estate Group and/or its associates of property management services, for a term commencing from the Listing Date until 31 December 2021.

As the Group expects to carry on the transactions contemplated thereunder upon its expiry, the Directors consider it beneficial to renew the 2019 Property Management Services Framework Agreement to facilitate the continuous provision of such property management services to the Remaining Xinyuan Real Estate Group and/or its associates for generating stable income stream to the Group, which could further promote the business growth of the Group.

Based on the foregoing, on 9 November 2021, the 2022 Property Management Services Framework Agreement was entered between the Company

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(for itself and on behalf of its subsidiaries and associates) (as service providers) and with Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) (as receiving parties).

(b) Principal terms

Service scope and term

Pursuant to the 2022 Property Management Services Framework Agreement, the parties agreed that the Group and/or its associates will provide the property management services to the Remaining Xinyuan Real Estate Group and/or its associates, in respect of the unsold property units after the agreed delivery date set out on the property purchase contract for projects developed by the Remaining Xinyuan Real Estate Group and managed by the Group. In respect of the sold property units after delivery, if the Remaining Xinyuan Real Estate Group and/or its associates provide complimentary property management fees to the property owners under the property sale arrangement, then the property management services corresponding to the property management fees that are borne and paid by the Remaining Xinyuan Real Estate Group and/or its associates to the Group and/or its associates on behalf of the property owners shall be deemed to be part of the property management services under the 2022 Property Management Services Framework Agreement (the “**Owners’ Fees**”).

The 2022 Property Management Services Framework Agreement is valid for three years from 1 January 2022 and ending on 31 December 2024.

Pricing basis

The services fees to be charged by the Group under the 2022 Property Management Services Framework Agreement shall be determined based on the regulations promulgated by the PRC government and after arm’s length negotiations taking into account the location of the project, the anticipated operational costs (including labour costs, material costs and administrative costs) with reference to the fees for similar services and similar type of projects in the market.

Comparisons on terms of the 2022 Property Management Services Framework Agreement with Independent Third Parties

We have discussed with the management of the Group and have randomly selected and reviewed 15 samples of property management services contracts between the Group and the Remaining Xinyuan Real Estate Group and/or its associates out of a total of 29 contracts and 15 samples of property management services contracts between the Group and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the Independent Third Parties out of a total of 120 contracts entered into in 2019, 2020 and 2021. Based on our review, we noted that the terms for transaction contemplated under the 2022 Property Management Services Framework Agreement are equal to or no more favourable to the Remaining Xinyuan Real Estate Group and/or its associates than the terms for similar transactions between the Group and Independent Third Parties. Please refer to the section below headed “3. Internal control policies of the Group” for our analyses of further safeguards imposed by the Group.

(c) Assessment of the proposed annual caps

Review of historical figures

Set out below are the historical transaction amounts for the Group’s provision of property management services to the Remaining Xinyuan Real Estate Group and/or its associates for each of the years ended 31 December 2019 and 2020 and for the nine months ended 30 September 2021:

	For the year ended 31 December 2019 (Audited)	For the year ended 31 December 2020 (Audited)	For the nine months ended 30 September 2021 (Unaudited)
Annual caps (RMB)	17,265,000	22,962,000	30,081,000 (for the year ending 31 December 2021)
Actual amount incurred (RMB)	16,954,000	25,400,000	16,111,000
Utilisation rate	98.2%	110.6%	53.6%

The Group’s provision of the property management services to the Remaining Xinyuan Real Estate Group and/or its associates rose by approximately 49.8% from approximately RMB17.0 million for the year ended 31 December 2019 to approximately RMB25.4 million for the year ended 31 December 2020. We are advised by the management of the Group that such growth was primarily attributable to (i) the increase in the total GFA of unsold properties of the Remaining Xinyuan Real Estate Group under management by the Group by approximately 126.8% from approximately 259,900 sq.m. for the year ended 31 December 2019 to approximately 589,500 sq.m. for the year ended 31 December 2020, which

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

in turn resulted in the procurement of more property management services by the Group and/or its associates to the Remaining Xinyuan Real Estate Group and/or its associates; and (ii) the total amount of reduction and exemption of the Owners' Fees of approximately RMB4.4 million paid by the Remaining Xinyuan Real Estate Group at the end of 2020.

Due to the fact that there was a delay in the delivery of two properties by the Remaining Xinyuan Real Estate Group, the Group's provision of property management services to the Remaining Xinyuan Real Estate Group and/or its associates for the nine months ended 30 September 2021 amounted to approximately RMB16.1 million, representing approximately 63.4% of the provision of property management services to the Remaining Xinyuan Real Estate Group and/or its associates in 2020. As advised by the management of the Group, these two properties have been delivered as at the Latest Practicable Date and are expected to generate an aggregate property management services fees of not less than RMB7 million in the fourth quarter of 2021.

As set out in the above table, we note that the relevant annual caps under the 2019 Property Management Services Framework Agreements for the two years ended 31 December 2020 have been substantially utilised, with a utilisation rate of approximately 98.2% and 110.6% for the years ended 31 December 2019 and 2020, respectively.

Assessment of the proposed annual caps

Pursuant to the 2022 Property Management Services Framework Agreement, it is proposed that the annual caps for the provision of property management services for each of the years ending 31 December 2022, 2023 and 2024 are expected to not exceed the following:

	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
Proposed annual caps (<i>RMB</i>)	48,677,000	63,872,000	85,222,000

In assessing the reasonableness of the proposed annual caps of the property management services, we have discussed with the management of the Group the basis and assumptions underlying the projections for the Group's provision of the property management services to the Remaining Xinyuan Real Estate Group and/or its associates. In determining the proposed annual caps for the three years ending 31 December 2024, the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Directors have taken into account, among other things, (i) the estimated additional GFA of unsold properties units which will procure property management services from the Group; and (ii) a buffer of 10% to be applied on the expected property management services fees to cater for any Owners' Fees to be borne and paid by the Remaining Xinyuan Real Estate Group and/or its associates to the Group and/or its associates. The proposed annual caps are then arrived at by adopting the estimated total GFA of the unsold property units (including residential properties, commercial properties and car parking spaces) according to the total GFA of the properties expected to be developed and delivered by the Remaining Xinyuan Real Estate Group for the three years ending 31 December 2024 and multiplied by the respective estimated services fees at which management property services will be charged per sq.m. for different types of properties as well as a buffer of 10% on top of it.

We have been provided with the projection of the estimated property management services fees payable by the Remaining Xinyuan Real Estate Group and/or its associates which was prepared by the management of the Group for the purpose of determining the proposed annual caps for the three years ending 31 December 2024 under the 2022 Property Management Services Framework Agreement. Based on our review and discussion with the management of the Group, such estimated property management services fees have been confirmed and agreed by the Remaining Xinyuan Real Estate Group. According to the management of the Group, such estimated property management services fees payable by the Remaining Xinyuan Real Estate Group and/or its associates are determined after discussion with the Remaining Xinyuan Real Estate Group, having taken into account the estimated increase in the total GFA of the properties expected to be developed by the Remaining Xinyuan Real Estate Group and/or its associates for the three years ending 31 December 2024 based on the development plan of the Remaining Xinyuan Real Estate Group provided to the Group and the expected unsold properties unit ratio.

Based on our review of the projection, the estimated increase in the properties expected to be developed by the Remaining Xinyuan Real Estate Group and/or its associates are projected with reference to its historical amounts, the development plan and existing land reserve of the Remaining Xinyuan Real Estate Group. The expected unsold properties unit ratio, which is calculated by dividing the expected total GFA of unsold property units by the total GFA expected to be developed by the Remaining Xinyuan Real Estate Group and under the Group's management, is generally in line with its historical amounts. We concurred with the management of the Group on such basis of the projection.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With regard to the Company's estimation on services fees for the provision of property management services for the coming three years, we are advised by the management of the Group that the services fees are projected with reference to the historical property management fees for different types of properties and the related historical annual growth rate. On this basis, we consider the estimation of services fees for the coming three years to be acceptable. Besides, based on our review of the sample contracts with Independent Third Parties, the estimated services fees as adopted for the provision of property management services for the coming three years are generally within the range of both services fees charged to the Remaining Xinyuan Real Estate Group and/or its associates and Independent Third Parties, and thus is also reasonable in our view.

The buffer of 10% is projected with reference to the proportion of Owner's Fees paid by the Remaining Xinyuan Real Estate Group out of the historical amounts incurred for the year ended 31 December 2020, which is approximately 17.4%. Since neither Xinyuan Real Estate Holdings nor the Company could foresee such unscheduled change of payment arrangement, we consider it is acceptable to apply a buffer to cater for such unforeseen circumstances.

Based on our review on (i) the signed property management services contracts on hand between the Group and the Remaining Xinyuan Real Estate Group and/or its associates; (ii) our understanding from the Company on the estimated delivery time and area of the respective properties; and (iii) the property delivery plan of the Remaining Xinyuan Real Estate Group, it is expected that the property management services fees payable by the Remaining Xinyuan Real Estate Group and/or its associates for the year ending 31 December 2022 which is secured by the existing signed contracts is expected to be not less than RMB34 million.

Taking into account of (i) the estimated property management services fees payable by the Remaining Xinyuan Real Estate Group and/or its associates which has been arrived at after discussion between the Group and the Remaining Xinyuan Real Estate Group, having considered the estimated additional GFA of unsold properties units which will procure property management services from the Group and the estimated services fees for the provision of such services in the coming three years; (ii) the basis of the estimated increase in the total GFA of unsold properties of the Remaining Xinyuan Real Estate Group and/or its associates and the estimated services fees as aforesaid; (iii) the estimated buffer to be applied to cater for any Owners' Fees to be borne and paid by the Remaining Xinyuan Real Estate Group and/or its associates to the Group and/or its associates; and (iv) the expected amounts of the property management services fees payable by the Remaining Xinyuan Real Estate Group and/or its associates for the year

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ending 31 December 2022 as secured by the existing signed contracts between the Group and the Remaining Xinyuan Real Estate Group and/or its associates as aforesaid, we consider the proposed annual caps for the coming three years to be fair and reasonable.

2.2 2022 Pre-delivery and Consulting Services Framework Agreement

(a) Background and reasons

As disclosed in the Letter from the Board, pre-delivery and consulting services business is one of the operating segments of the Group and recorded substantial revenue growth of approximately 56.4% for year ended 31 December 2020. The Group and/or its associates have been providing pre-delivery and consulting services to the Remaining Xinyuan Real Estate Group and/or its associates for years and the provision of which is in the ordinary course of business of the Group. As disclosed in the Company's Prospectus, on 16 September 2019, the Company (for itself and on behalf of its subsidiaries and associates) (as service providers) entered into the 2019 Pre-delivery and Consulting Services Framework Agreement with Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) (as receiving parties) in relation to the provision by the Group and/or its associates to the Remaining Xinyuan Real Estate Group and/or its associates of pre-delivery and consulting services, including but not limited to sales assistance services, early stage involvement services, referral and management services for unsold properties and repair and intelligent engineering services, for a term commencing from the Listing Date until 31 December 2021.

In order to facilitate the continuous provision of such pre-delivery and consulting services to the Remaining Xinyuan Real Estate Group and/or its associates for generating stable income stream to the Group, the Directors consider it beneficial to renew the 2019 Pre-delivery and Consulting Services Framework Agreement. Accordingly, on 9 November 2021, the 2022 Pre-delivery and Consulting Services Framework Agreement was entered between the Company (for itself and on behalf of its subsidiaries and associates) (as service providers) and with Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) (as receiving parties).

(b) Principal terms

Service scope and term

Pursuant to the 2022 Pre-delivery and Consulting Services Framework Agreement, the parties agreed that the Group and/or its associates will provide the pre-delivery and consulting services to the Remaining Xinyuan Real Estate Group and/or its associates, including but not limited to (i) sales assistance services, which mainly involve providing property sales venue management services and property sales venue “warm-up” services to property developers at the pre-delivery stage of the relevant property or when the property is put onto the market for sale; (ii) early stage involvement services, which involve advising property developers at the early and construction stages of a property on project planning, design management and construction management to enhance a property; and (iii) referral and management services for unsold properties.

The 2022 Pre-delivery and Consulting Services Framework Agreement is valid for three years from 1 January 2022 and ending on 31 December 2024.

Pricing basis

The fees to be charged for the sales assistance services shall be determined after arm’s length negotiations taking into account the location of the project, the anticipated operational costs (including labour costs and material costs) with reference to the fees for similar services and similar type of projects in the market.

The fees to be charged for the early involvement services shall be determined after arm’s length negotiations taking into account the GFA involved, the anticipated service costs and the prevailing market price for similar services in the market.

The fees to be charged for the referral and management services for unsold properties shall be calculated by multiplying the selling price of the property sold to the buyer the Group and/or its associates introduced with a certain service rate. The service rate shall be determined after arm’s length negotiations with reference to the anticipated operational costs (including labour costs and material costs) and the type of the subject property.

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Comparisons on terms of the 2022 Pre-delivery and Consulting Services Framework Agreement with Independent Third Parties

We have discussed with the management of the Group and have randomly selected and reviewed 53 samples of pre-delivery and consulting services contracts (excluding repair and intelligent engineering services) between the Group and the Remaining Xinyuan Real Estate Group and/or its associates out of a total of 408 contracts and 16 samples of pre-delivery and consulting services contracts (excluding repair and intelligent engineering services) between the Group and the Independent Third Parties out of a total of 37 contracts entered into in 2019, 2020 and 2021. Based on our review, we noted that the terms for transaction contemplated under the 2022 Pre-delivery and Consulting Services Framework Agreement are equal to or no more favourable to the Remaining Xinyuan Real Estate Group and/or its associates than the terms for similar transactions between the Group and Independent Third Parties. Please refer to the section below headed “3. Internal control policies of the Group” for our analyses of further safeguards imposed by the Group.

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(c) Assessment of the proposed annual caps

Review of historical figures

Set out below are the historical transaction amounts for the Group's provision of pre-delivery and consulting services to the Remaining Xinyuan Real Estate Group and/or its associates for each of the years ended 31 December 2019 and 2020 and for the nine months ended 30 September 2021:

	For the year ended 31 December 2019 (Audited)	For the year ended 31 December 2020 (Audited)	For the nine months ended 30 September 2021 (Unaudited)
Annual caps (including repair and intelligent engineering services) (RMB)	82,573,000	111,194,000	156,080,000 (for the year ending 31 December 2021)
Actual amount incurred (including repair and intelligent engineering services) (RMB)	69,148,000	109,963,000	97,218,000
Utilisation rate	83.7%	98.9%	62.3%
Actual amount incurred (excluding repair and intelligent engineering services) (RMB)	69,148,000	90,598,000	65,452,000

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The Group's provision of pre-delivery and consulting services to the Remaining Xinyuan Real Estate Group and/or its associates rose significantly by approximately 59.0% from approximately RMB69.1 million for the year ended 31 December 2019 to approximately RMB110.0 million for the year ended 31 December 2020. We are advised by the management of the Group that such growth was primarily attributable to (i) the significant increase in the provision of repair and intelligent engineering services and sales assistance services as a result of the Group's strategy to focus on asset sales and engineering construction work in 2020. As stated in the annual report of the Company for the year ended 31 December 2020 (the **"2020 Annual Report"**), in 2020, the Group commenced assets sales assistance services and established an integrated asset destocking system comprising early stage planning, marketing and promotion, sales agency, and late stage management, based on internal and external cooperation with developers on resources such as stocked parking spaces, underground spaces, and stocked shop spaces; and (ii) the Group's entering into the car parking space exclusive sales cooperation agreement in 2020 to exclusively sell the car parking spaces of the Remaining Xinyuan Real Estate Group which generated sales premium income to the Group.

In view of the Group's continued efforts on the development of smart community construction and asset underwriting business in 2021 which has resulted in an increase in the demand for the Group's repair and intelligent engineering services and sales assistance services, the Group's provision of pre-delivery and consulting services to the Remaining Xinyuan Real Estate Group and/or its associates for the nine months ended 30 September 2021 amounted to approximately RMB97.2 million, representing approximately 88.4% of the provision of pre-delivery and consulting services to the Remaining Xinyuan Real Estate Group and/or its associates in 2020.

As set out in the above table, we note that the relevant annual caps under the 2019 Pre-delivery and Consulting Services Framework Agreements for the two years ended 31 December 2020 have been substantially utilised, with a utilisation rate of approximately 83.7% and 98.9% for the years ended 31 December 2019 and 2020, respectively.

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Assessment of the proposed annual caps

Pursuant to the 2022 Pre-delivery and Consulting Services Framework Agreement, it is proposed that the annual caps for the provision of pre-delivery and consulting services for each of the years ending 31 December 2022, 2023 and 2024 are expected to not exceed the following:

	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
Proposed annual caps (<i>RMB</i>)	166,623,000	190,182,000	218,711,000

The Company proposed to reclassify the repair and intelligent engineering services from pre-delivery and consulting services to property engineering services under the 2022 Property Engineering Services Framework Agreement. For details, please refer to the sub-section below headed “2.4 2022 Property Engineering Services Framework Agreement”.

In assessing the reasonableness of the proposed annual caps of pre-delivery and consulting services, we have discussed with the management of the Group the basis and assumptions underlying the projections of the proposed annual caps for the Group’s provision of the pre-delivery and consulting services to the Remaining Xinyuan Real Estate Group and/or its associates. In determining the proposed annual caps for the three years ending 31 December 2024, the Directors have taken into account, among other things, (i) the historical transaction amounts and the growth trend during the two years ended 31 December 2020 and the unaudited transaction amount for the nine months ended 30 September 2021; (ii) the estimated revenue to be recognised in relation to the pre-delivery and consulting services provided by the Group pursuant to existing contracts; (iii) in respect of sales assistance services, the Group’s anticipated increase in the demand of the Remaining Xinyuan Real Estate Group for the Group’s sales assistance services as a result of the estimated pre-sale schedule of the properties to be developed by the Remaining Xinyuan Real Estate Group; (iv) in respect of early stage involvement services, the Group’s estimation of the contracted GFA to be developed by the Remaining Xinyuan Real Estate Group for the three years ending 31 December 2024, based on the development plan of the Remaining Xinyuan Real Estate Group with reference to its existing land reserve; and (v) in respect of referral and management services for unsold properties, (a) the Group’s estimation of the total GFA of the properties owned by the Remaining Xinyuan Real Estate Group and/or its associates which require

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such services to drive the selling of such properties for the three years ending 31 December 2024; and (b) the outlook of real estate industry in the PRC for the next three years. The proposed annual caps adopted are the sum of (i) proposed annual caps on property sales venue management services which is arrived at the estimated total GFA of the properties to be sold according to estimated pre-sale schedule of the properties to be developed by the Remaining Xinyuan Real Estate Group and/or its associates for the three years ending 31 December 2024 multiplied by an estimated services fee at which property sales venue management services will be charged per sq.m.; (ii) proposed annual caps on property sales venue “warm-up” services which is arrived at the estimated total GFA of the properties to be sold according to the estimated pre-sale schedule of the properties to be developed by the Remaining Xinyuan Real Estate Group and/or its associates for the three years ending 31 December 2024 multiplied by an estimated services fee at which property sales venue “warm-up” services will be charged per sq.m.; (iii) proposed annual caps on early stage involvement services which is arrived at the estimated total GFA of the properties expected to be developed by the Remaining Xinyuan Real Estate Group and/or its associates for the three years ending 31 December 2024 multiplied by an estimated services fee at which early stage involvement services will be charged per sq.m.; and (iv) proposed annual caps on referral and management services for unsold properties which is arrived at estimated total GFA of the properties owned by the Remaining Xinyuan Real Estate Group and/or its associates which require such services to drive the selling of such properties for the three years ending 31 December 2024 multiplied by an estimated services fee at which referral and management services will be charged per sq.m..

According to the management of the Group, the estimated pre-delivery and consulting services fees payable by the Remaining Xinyuan Real Estate Group and/or its associates are determined after discussion with the Remaining Xinyuan Real Estate Group having taken into account the estimated increase in the properties expected to be developed and to be sold by the Remaining Xinyuan Real Estate Group and/or its associates with reference to its historical amounts, the development plan, existing land reserve and estimated pre-sale schedule of the Remaining Xinyuan Real Estate Group. We concurred with the management of the Group on such basis of the projection.

With regard to the Company’s estimation on services fees for the respective provision of property sales venue management services, property sales venue “warm-up” services, early stage involvement services and referral and management services for unsold properties for the coming three years, we are advised by the management of the Group that the services fees are projected with reference to the respective historical amounts. On this

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basis, we consider the estimation of services fees for the coming three years to be acceptable.

As disclosed in the Letter from the Board, in respect of early stage involvement services, the Remaining Xinyuan Real Estate Group and/or its associates are required to make stage payments upon different stages, including entering into the agreement, obtaining the pre-sale certificates of the properties, completing the building inspection and acceptance and delivery of the properties to property owners. Based on our review on the early stage involvement services contracts signed by the Group and the Remaining Xinyuan Real Estate Group and/or its associates and our understanding from the Company on the estimated status of the respective properties, it is expected that the early stage involvement services fees payable by the Remaining Xinyuan Real Estate Group and/or its associates for the year ending 31 December 2022 which is secured by the existing signed contracts is expected to be not less than RMB14 million. In respect of property sales venue management services, based on our review of the signed property sales venue management services contracts on hand between the Group and the Remaining Xinyuan Real Estate Group and/or its associates and as advised by the management of the Group, although the property sales venue management services are usually demanded by the Remaining Xinyuan Real Estate Group and/or its associates for several years for one property, the property sales venue management services are in general signed for one-year period and renewed afterwards. According to the estimated pre-sale schedule of the properties to be developed by the Remaining Xinyuan Real Estate Group and the historical property sales venue management services the Group provided, the Group expects that the existing signed contracts of certain properties will be renewed upon their expiry. Based on our review on these existing signed contracts, it is expected that the related revenue for the year ending 31 December 2022 is expected to be not less than RMB39 million. In addition, five properties currently under management by the Group (for which the property management services contracts have been reviewed by us) are expected to be on sale in 2022, thus requiring the provision of property sales venue management services by the Group. It is expected that related revenue for the year ending 31 December 2022 is expected to be not less than RMB15 million. To summarise, based on the relevant existing signed contracts and the properties secured by the signed contracts between the Group and the Remaining Xinyuan Real Estate Group and/or its associates, the aggregate early stage involvement services and property sales venue management services fees are expected to be not less than RMB68 million for the year ending 31 December 2022.

Having considered of (i) the transaction amounts of pre-delivery and consulting services fees (excluding repair and intelligent engineering

services) is expected to be not less than RMB105 million for the year ending 31 December 2021 which has been arrived at after discussion between the Group and the Remaining Xinyuan Real Estate Group having considered the estimated additional GFA of properties which will procure pre-delivery and consulting services from the Group; (ii) the basis of the increase in the total GFA of properties to be developed and to be sold by the Remaining Xinyuan Real Estate Group and/or its associates and the estimated services fees as aforesaid; and (iii) the expected amounts of the pre-delivery and consulting services fees payable by the Remaining Xinyuan Real Estate Group and/or its associates for the years ending 31 December 2022 based on the relevant existing signed contracts and the properties secured by the signed contracts between the Group and the Remaining Xinyuan Real Estate Group and/or its associates, we consider the proposed annual caps for the coming three years to be fair and reasonable.

2.3 2022 Value-added Services Framework Agreement

(a) Background and reasons

As stated in the Letter from the Board, value-added services business is one of the operating segments of the Group, of which the coverage has been further expanded by the Group in recent years. The Group and/or its associates have been providing value-added services to the Remaining Xinyuan Real Estate Group and/or its associates for years and the provision of which is in the ordinary course of business of the Group. On 16 September 2019, the Company (for itself and on behalf of its subsidiaries and associates) (as service providers) entered into the 2019 Value-added Services Framework Agreement with Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) (as receiving parties) in relation to the provision by the Group and/or its associates to the Remaining Xinyuan Real Estate Group and/or its associates of value-added services, for a term commencing from the Listing Date until 31 December 2021.

As the Group expects to carry on the transactions contemplated thereunder upon its expiry, the Directors consider it beneficial to renew the 2019 Value-added Services Framework Agreement to facilitate the continuous provision of such value-added services to the Remaining Xinyuan Real Estate Group and/or its associates for generating stable income stream to the Group, which could further promote the business growth of the Group.

Based on the foregoing, on 9 November 2021, the 2022 Value-added Services Framework Agreement was entered between the Company (for itself and on behalf of its subsidiaries and associates) (as service providers) and with Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) (as receiving parties).

(b) Principal terms

Service scope and term

Pursuant to the 2022 Value-added Services Framework Agreement, the parties agreed that the Group and/or its associates will provide the value-added services to the Remaining Xinyuan Real Estate Group and/or its associates, including but not limited to the provision of onsite cleaning, operations and other related services at the pre-delivery stage and the delivery events for the property development projects, utility fee collection service, “400 CS Center” service and other value-added services.

The 2022 Value-added Services Framework Agreement is valid for three years from 1 January 2022 and ending on 31 December 2024.

Pricing basis

The services fees to be charged by the Group under the 2022 Value-added Services Framework Agreement shall be determined after arm’s length negotiations taking into account the location of the project, the anticipated operational costs (including labour costs, material costs and administrative costs) with reference to the fees for similar services and similar type of projects in the market.

Comparisons on terms of the 2022 Value-added Services Framework Agreement with Independent Third Parties

We have discussed with the management of the Group and have randomly selected and reviewed 21 samples of value-added contracts between the Group and the Remaining Xinyuan Real Estate Group and/or its associates out of a total of 25 contracts. Given that there are no contracts for similar services offered from the Group or the Remaining Xinyuan Real Estate Group to Independent Third Parties for our comparison, alternatively, we have performed our independent work, which include, among other things, research on the service fees for similar services and similar type of projects in the market. We note that the terms for transaction contemplated under the 2022 Value-added Services Framework Agreement are equal to or no more favourable to the Remaining Xinyuan Real Estate Group and/or its associates than the terms for similar transactions in the prevailing market. Please refer to the section below headed “3. Internal control policies of the Group” for our analyses of further safeguards imposed by the Group.

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(c) Assessment of the proposed annual caps

Review of historical figures

Set out below are the historical transaction amounts for the Group's provision of value-added services to the Remaining Xinyuan Real Estate Group and/or its associates for each of the years ended 31 December 2019 and 2020 and for the nine months ended 30 September 2021:

	For the year ended 31 December 2019 (Audited)	For the year ended 31 December 2020 (Audited)	For the nine months ended 30 September 2021 (Unaudited)
Annual caps (RMB)	21,978,000	29,385,000	41,140,000 (for the year ending 31 December 2021)
Actual amount incurred (RMB)	20,982,000	13,217,000	9,835,000
Utilisation rate	95.5%	45.0%	23.9%

The Group's provision of the value-added services to the Remaining Xinyuan Real Estate Group and/or its associates decreased by approximately 37.0% from approximately RMB21.0 million for the year ended 31 December 2019 to approximately RMB13.2 million for the year ended 31 December 2020. We are advised by the management of the Group that such decline was primarily attributable to the decrease in the average services fees by approximately 20%, due to the fact that unlike property management services and pre-delivery and consulting services which are regarded as essential services for the developed and delivered properties, the demand for value-added services decreased as a result of the outbreak of COVID-19 in 2020. In addition, the delivery of certain properties developed by the Remaining Xinyuan Real Estate Group was delayed as a result of the outbreak of COVID-19 and dust control regulations imposed by the local government in 2020.

In view of the unexpected flash floods that struck Zhengzhou in July 2021 which has resulted in the further delay in the delivery of certain properties developed by the Remaining Xinyuan Real Estate Group, the Group's provision of value-added services to the Remaining Xinyuan Real

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Estate Group and/or its associates for the nine months ended 30 September 2021 amounted to approximately RMB9.8 million, representing approximately 74.4% of the provision of value-added services to the Remaining Xinyuan Real Estate Group and/or its associates in 2020. As advised by the management of the Group, based on their discussion with the Remaining Xinyuan Real Estate Group regarding the additional properties to be delivered and under management by the Group in the fourth quarter of 2021, it is expected that the Remaining Xinyuan Real Estate Group and/or its associates would procure the Group's value-added services of not less than RMB15 million for the three months ending 31 December 2021.

Assessment of the proposed annual caps

Pursuant to the 2022 Value-added Services Framework Agreement, it is proposed that the annual caps for the provision of value-added services for each of the years ending 31 December 2022, 2023 and 2024 are expected to not exceed the following:

	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
Proposed annual caps (<i>RMB</i>)	44,900,000	56,082,000	66,446,000

In assessing the reasonableness of the proposed annual caps of the value-added services, we have discussed with the management of the Group the basis and assumptions underlying the projections for the Group's provision of the value-added services to the Remaining Xinyuan Real Estate Group and/or its associates. In determining the proposed annual caps for the three years ending 31 December 2024, the Directors have taken into account, among other things, (i) the estimated revenue to be recognised in relation to the value-added services provided by the Group pursuant to the existing contracts, and the internal development and sales plan of the Remaining Xinyuan Real Estate Group; (ii) the Group's estimated contracted GFA to be delivered by the Remaining Xinyuan Real Estate Group for the three years ending 31 December 2024; and (iii) the increase in the scale of the Group's value-added services. The proposed annual caps are then arrived at by adopting the estimated total GFA of the properties to be delivered by the Remaining Xinyuan Real Estate Group for the three years ending 31 December 2024 multiplied by the estimated services fees at which value-added services will be charged per sq.m..

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According to the management of the Group, the estimated value-added services fees payable by the Remaining Xinyuan Real Estate Group and/or its associates are determined after discussion with the Remaining Xinyuan Real Estate Group having taken into account the estimated contracted GFA to be delivered by the Remaining Xinyuan Real Estate Group for the three years ending 31 December 2024, based on the internal development and sales plan of the Remaining Xinyuan Real Estate Group with reference to its existing land reserve. We concurred with the management of the Group on such basis of the projection.

With regard to the Company's estimation on services fees for the provision of value-added services for the coming three years, we are advised by the management of the Group that the services fees are projected with reference to the historical average fees and a growth rate of 5% per annum. Taking into account that according to Mercer, a global consulting firm specialised in talent, health, retirement and investments, salaries in the PRC are projected to grow at an average rate of approximately 5.2% and 5.3% in 2021 and 2022, respectively, we consider that the estimation of the annual growth rate of 5%, is justifiable. On this basis, we consider the estimation of services fees for the coming three years to be acceptable.

As advised by the management of the Group, onsite cleaning services and operations and other related services at the pre-delivery stage under the value-added services are demanded by the Remaining Xinyuan Real Estate Group and/or its associates at the pre-delivery stage which are one-off and required to be completed within a relatively short time. Therefore, the Group generally did not enter into separate formal contracts with the Remaining Xinyuan Real Estate Group and/or its associates, but rather issued payment slips based on the total GFA of the properties involved and the service fee per unit with reference to the pricing guidelines of the Remaining Xinyuan Real Estate Group. In addition, we understood from the management of the Group that for convenience, the Remaining Xinyuan Real Estate Group and/or its associates demand the Group to provide the onsite cleaning services and operation and other related services at the pre-delivery stage on the properties whose property management services are also provided by the Group. Based on the property management services contracts signed between the Group and the Remaining Xinyuan Real Estate Group and/or its associates which we have reviewed under the sub-section above headed "2.1 2022 Property Management Services Framework Agreement" and our understanding from the management of the Group on the estimated delivery time and area of the respective properties which require the onsite cleaning services and operations and other related services at the pre-delivery stage, it is expected that the value added services fees payable by the Remaining Xinyuan Real Estate Group and/or its associates

for the year ending 31 December 2022 is expected to be not less than RMB37 million.

Having considered of (i) the transaction amounts of value-added services fees is expected to be not less than RMB25 million for the year ending 31 December 2021 which has been arrived at after discussion between the Group and the Remaining Xinyuan Real Estate Group having considered the additional properties to be delivered and under management by the Group in the fourth quarter of 2021 which will procure value-added services from the Group; (ii) the basis of the increase in the contracted GFA to be delivered by the Remaining Xinyuan Real Estate Group and/or its associates and the estimated services fees as aforesaid; and (iii) the expected amounts of the value added services fees payable by the Remaining Xinyuan Real Estate Group and/or its associates for the year ending 31 December 2022 based on the properties secured by the signed contracts between the Group and the Remaining Xinyuan Real Estate Group and/or its associates, we consider the proposed annual caps for the coming three years to be fair and reasonable.

2.4 2022 Property Engineering Services Framework Agreement

(a) Background and reasons

As stated in the Letter from the Board, the Group and/or its associates have been providing repair and intelligent engineering services to the Remaining Xinyuan Real Estate Group and/or its associates since 2020 under the 2019 Pre-delivery and Consulting Services Framework Agreement and the provision of which is in the ordinary course of business of the Group.

For the two years ended 31 December 2020, the repair and intelligent engineering services fees accounted for nil and approximately 17.6% of the total services fees for all the services under the 2019 Pre-delivery and Consulting Services Framework Agreement, respectively. According to the management of the Group, repair and intelligent engineering services provided by the Group and/or its associates to the Remaining Xinyuan Real Estate Group and/or its associates amounted to approximately RMB31.8 million, which accounted for approximately 32.7% of the total unaudited transaction amount for all the services under the 2019 Pre-delivery and Consulting Services Framework Agreement for the nine months ended 30 September 2021. As such, the management of the Group expects the property engineering services to become a new significant operating segment of the Group.

As the Group has been actively improving the quality and expanding the scope of its engineering services in the recent years, it is expected that there will be a substantial increase in demand for the property engineering services

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(including but not limited to repair and intelligent engineering services) to be provided by the Group and/or its associates to the Remaining Xinyuan Real Estate Group and/or its associates in the coming years, and such cooperation between the Group and the Remaining Xinyuan Real Estate Group in the provision of property engineering services through the entering into of a separate framework agreement would help the Group to expand its property engineering services and allow a better classification of the business segments of the Group.

Based on the foregoing, on 9 November 2021, the 2022 Property Engineering Services Framework Agreement was entered between the Company (for itself and on behalf of its subsidiaries and associates) (as service providers) and with Xinyuan Real Estate Holdings (for itself and on behalf of its subsidiaries and associates) (as receiving parties).

(b) Principal terms

Service scope and term

Pursuant to the 2022 Property Engineering Services Framework Agreement, the parties agreed that the Group and/or its associates will provide the property engineering services to the Remaining Xinyuan Real Estate Group and/or its associates, including but not limited to (i) repair engineering services, which involve providing repairs services and project quality enhancement maintenance services for development projects during the warranty period; (ii) intelligent engineering services, which involve providing construction services for intelligent systems; (iii) landscaping engineering services; (iv) firefighting engineering services; (v) decoration and renovation engineering service; (vi) elevators engineering services; and (vii) other miscellaneous engineering services.

The 2022 Property Engineering Services Framework Agreement is valid for three years from 1 January 2022 and ending on 31 December 2024.

Pricing basis

The services fees to be charged by the Group under the 2022 Property Engineering Services Framework Agreement shall be determined after arm's length negotiations taking into account the scope of services under each of such contracts, the anticipated operational costs (including labour costs and material costs and obtaining quotations from equipment manufacturers to determine the construction budget) with reference to the fees for similar services and similar type of projects in the market.

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Comparisons on terms of the 2022 Property Engineering Services Framework Agreement with Independent Third Parties

We have discussed with the management of the Group and have randomly selected and reviewed 39 samples of repair and intelligent engineering services contracts between the Group and the Remaining Xinyuan Real Estate Group and/or its associates out of a total of 44 contracts and 5 samples of repair and intelligent engineering services contracts between the Group and the Independent Third Parties out of a total of 6 contracts entered into in 2019, 2020 and 2021. Based on our review, we noted that the terms for transaction contemplated under the 2022 Property Engineering Services Framework Agreement are equal to or no more favourable to the Remaining Xinyuan Real Estate Group and/or its associates than the terms for similar transactions between the Group and Independent Third Parties. Please refer to the section below headed “3. Internal control policies of the Group” for our analyses of further safeguards imposed by the Group.

(c) Assessment of the proposed annual caps

Review of historical figures

Set out below are the historical transaction amounts for the Group’s provision of repair and intelligent engineering services to the Remaining Xinyuan Real Estate Group and/or its associates for each of the years ended 31 December 2019 and 2020 and for the nine months ended 30 September 2021:

	For the year ended 31 December 2019 (Audited)	For the year ended 31 December 2020 (Audited)	For the nine months ended 30 September 2021 (Unaudited)
Actual amount incurred (RMB)	–	19,365,000	31,766,000

The Group’s provision of the repair and intelligent engineering services to the Remaining Xinyuan Real Estate Group and/or its associates rose significantly by approximately 64.0% from approximately RMB19.4 million for the year ended 31 December 2020 to approximately RMB31.8 million for the nine months ended 30 September 2021. We are advised by the management of the Group that such growth was primarily attributable to the increase in the scale of construction business in view of the Group’s

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strategy to focus on smart community construction since 2020. As stated in the interim report of the Company for the six months ended 30 June 2021 (the “**2021 Interim Report**”), the Group has established an “EPC+CDI” smart community construction model, which provides comprehensive organisation of the entire process from design planning to construction implementation.

Assessment of the proposed annual caps

Pursuant to the 2022 Property Engineering Services Framework Agreement, it is proposed that the annual caps for the provision of property engineering services for each of the years ending 31 December 2022, 2023 and 2024 are expected to not exceed the following:

	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
Proposed annual caps (<i>RMB</i>)	178,242,000	204,979,000	235,725,000

In assessing the reasonableness of the proposed annual caps of the property engineering services, we have discussed with the management of the Group the basis and assumptions underlying the projections for the Group’s provision of the property engineering services to the Remaining Xinyuan Real Estate Group and/or its associates. In determining the proposed annual caps for the three years ending 31 December 2024, the Directors have taken into account, among other things, (i) the anticipated demand for such services of the Remaining Xinyuan Real Estate Group with reference to its development plan for the three years ending 31 December 2024 and the discussion between the Group and the Remaining Xinyuan Real Estate Group; (ii) the Group’s estimation of its enhanced capacity to provide property engineering services for the three years ending 31 December 2024, which will cover more than just repair and intelligent engineering services; and (iii) the Group’s expected increasing GFA to be developed and delivered by the Remaining Xinyuan Real Estate Group and the growing demand for residential communities in the PRC which will procure property engineering services from the Group. The proposed annual caps are then arrived at by estimated total GFA of the properties expected to be developed by the Remaining Xinyuan Real Estate Group for the three years ending 31 December 2024 multiplied by an estimated services fee at which property engineering services will be charged per sq.m. as well as an annual growth rate of 5%.

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According to the management of the Group, the estimated property engineering services fees payable by the Remaining Xinyuan Real Estate Group and/or its associates are determined after discussion with the Remaining Xinyuan Real Estate Group having taken into account the existing signed contracts and the estimated increase in the total GFA of properties to be developed by the Remaining Xinyuan Real Estate Group and/or its associates, based on its internal development plan for the following three years. We concurred with the management of the Group on such basis of the projection.

With regard to the Company's estimation on services fees for the provision of property engineering services for the coming three years, we are advised by the management of the Group that the services fees are projected with reference to the historical average amounts. On this basis, we consider the estimation of services fees for the coming three years to be acceptable.

Taking into account that (i) it is the Group's strategy to focus on smart community construction since 2020; and (ii) the Group's provision of the repair and intelligent engineering services to the Remaining Xinyuan Real Estate Group and/or its associates rose significantly by approximately 64.0% from approximately RMB19.4 million for the year ended 31 December 2020 to approximately RMB31.8 million for the nine months ended 30 September 2021, we consider the annual growth rate of 5%, is justifiable.

According to the management of the Group, as affected by the unexpected flash floods that struck Zhengzhou in July 2021 and the outbreak of COVID-19 in some cities of the PRC in 2021, the delivery of certain repair and intelligent engineering projects was delayed. It is expected that the transactions under various contracts relating to the repair and intelligent engineering services to be provided by the Group and/or its associates to the Remaining Xinyuan Real Estate Group and/or its associates used to be under the 2019 Pre-delivery and Consulting Services Framework Agreement are expected to be substantially completed in 2022 as the Remaining Xinyuan Real Estate Group and/or its associates increase the development and delivery progress of the development projects, which will in turn drive the progress of the repair and intelligent engineering services and the related revenue to be recognised by the Group in 2022. Based on our review on the repair and intelligent engineering services contracts which the Group and the Remaining Xinyuan Real Estate Group and/or its associates entered into in 2020 and 2021, the aggregate contract sum has amounted to not less than RMB157 million. Given that (i) the Group's provision of repair and intelligent services fees to the Remaining Xinyuan Real Estate Group and/or its associates for the years ended 31 December

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2019 and 2020 and the nine months ended 30 September 2021 amounted to nil, approximately RMB19.4 million and RMB31.8 million, respectively; and (ii) our understandings from the Company that the related revenue is expected to be recognised substantially in 2022 based on the Group's historical repair and intelligent engineering services work, it is expected that the repair and intelligent engineering services fees payable by the Remaining Xinyuan Real Estate Group and/or its associates for the year ending 31 December 2022 which is secured by the existing signed contracts is expected to be not less than RMB90 million.

Having considered of (i) the aggregate contract sum of not less than RMB157 million for the provision of repair and intelligent engineering services that the Group and the Remaining Xinyuan Real Estate Group and/or its associates entered into in 2020 and 2021; and (ii) the basis of the expected increasing GFA of properties to be developed by the Remaining Xinyuan Real Estate Group and/or its associates and the estimated services fees as aforesaid, we consider the proposed annual caps for the coming three years to be fair and reasonable.

Overall comments on the Proposed Annual Caps

In reviewing the Proposed Annual Caps, we have (i) reviewed the internal calculation worksheets in determining the Proposed Annual Caps which were prepared by the Group based on, among other things, the pre-sale schedule of properties to be developed and the estimated total GFA of properties expected to be developed by the Remaining Xinyuan Real Estate Group and/or its associates. We understood that all such information were prepared based on the Group's understanding in the current status of property delivery and future development plan on properties to be developed by the Remaining Xinyuan Real Estate Group which were confirmed by the Remaining Xinyuan Real Estate Group, as well as the Group's reference to its strategy to expand its overall service scopes in the coming three years; (ii) performed independent research on the industry outlook of property management sector in the PRC, which shows the expected future demand on the relevant services and the promulgation of favourable government policies to support the growth of the property management market in the PRC. According to "Notice on Strengthening and Improving Residential Property Management" (關於加強和改進住宅物業管理工作的通知) jointly issued by the Ministry of Housing and Urban-Rural Development and nine other government authorities in January 2021, it emphasises aspects of enhancing residential property management include, among others, improving the level of property management services and promoting the development of community services. In addition, in December 2020, the Ministry of Housing and Urban-Rural Development, together with five other government authorities, jointly issued the "Opinions on Promoting Property

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Service Enterprises to Accelerate the Development of On-Line and Off-Line Life Services” (關於推動物業服務企業加快發展線上線下生活服務的意見) which encourages the development of property management industry in building a smart property management service platform and promoting property management intelligence; and (iii) performed independent research in the economy in central and eastern region of China where generally contributed more than 80% of the Group’s revenue on major cities of the Group, and noted that the economy in these regions generally demonstrated an upward trend in the near future. Based on our independent due diligence work done as aforesaid, we consider the business plan of the Remaining Xinyuan Real Estate Group to be reasonable.

Generally speaking, in our opinion, it is in the interests of the Group and the Independent Shareholders to determine the Proposed Annual Caps in a way that can accommodate the potential growth of the Group’s business. Provided that the Proposed Continuing Connected Transactions are subject to annual review by the independent non-executive Directors and auditors of the Company (as discussed below) as required under the Listing Rules, the Group would have desirable flexibility in conducting its businesses if the Proposed Annual Caps are tailored to future business growth. In assessing the reasonableness of the Proposed Annual Caps, we have discussed with the management of the Group the factors taken into account as stated earlier in this section. We consider it reasonable for the Company to use the above factors in determining the Proposed Annual Caps.

Taking into account that (i) the Group has been pursuing a business strategy to actively reduce its reliance to the Remaining Xinyuan Real Estate Group, as demonstrated by the decreasing portion of GFA under management from the Remaining Xinyuan Real Estate Group out of the Group’s total GFA under management, from approximately 74.6% in 2018 to approximately 38.2% in 2020; (ii) the increase in the Group’s revenue and profit attributable to the Shareholders of approximately 29.4% and 16.0% for the six months ended 30 June 2021 as compared with that in the corresponding period of 2020, in view of the Group’s effort in expanding its service scope and the more effective control of COVID-19 in the PRC in 2021 as compared to 2020; (iii) our review on the 2021 Interim Report and our independent research on the industry outlook of property management sector in the PRC as discussed above, which shows that the future revenue of the Group in 2021 is expected to be more than that in 2020; (iv) the Proposed Annual Caps are normally set in a way to cater for the future business growth of the Company, which we consider reasonable as mentioned in the above subsection; and (v) based on our independent research on the property management companies which are newly listed on the Stock Exchange in 2020 and 2021 and has principal place of operations in the PRC (the “Comparable Companies”). On a best effort basis, we

have identified an exhaustive list of 29 Comparable Companies. We noted that 17 out of the 29 Comparable Companies have aggregated annual caps on the continuing connected transactions for the year ending 31 December 2022 accounting for approximately over 50% to their total revenue generated in 2020, which shows that proposing relatively high proposed annual caps for the following years is not uncommon in the market. We consider that the Comparable Companies represent fair and representative samples given that (i) the Comparable Companies are principally engaged in the provision of property management services in the PRC which is similar to the principal business of the Group; (ii) our review period of 2020 and 2021 allows the Independent Shareholders to have a general understanding on the recent property management companies in the estimation of annual caps in the respective continuing connected transactions; and (iii) the sufficient number (i.e. size of 29) of the Comparable Companies we identified based on our independent research; we are of the view that the Proposed Annual Caps are set to provide flexibility for the Group in conducting its business, and is not expected to result in a reliance issue on the revenue to be generated from the Remaining Xinyuan Real Estate Group.

3. Internal control policies of the Group

In order to ensure that the fees charged to the Remaining Xinyuan Real Estate Group under the 2022 Framework Agreements are on normal commercial terms, the Group will implement the following procedures before signing the relevant agreements:

- (i) the relevant business department of the Company will be responsible for submitting business proposals as well as fee proposals. Under relevant PRC laws and regulations, the Company has to undergo a tender process in order to be selected as the property management service provider. After winning a tender, the Company will then enter into preliminary property management services agreements with the relevant property developer. Such preliminary property management services agreements can be entered into by the property developer on behalf of property owners before the establishment of property owners' association and shall be legally binding on property owners. The property management service fees are charged in accordance with the standards set out in the preliminary property management services agreements, and the same standards will apply to the Remaining Xinyuan Real Estate Group and to Independent Third Parties customers. The fee proposals for pre-delivery and consulting services, value-added services and property engineering services will be formulated by collecting data on service quotations for comparable services in the market and the fee rates charged by the Company to Independent Third Parties customers in the past six months (where applicable), and the business department will make reference to service quotations for not less than three

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comparable services and/or comparable types of projects in the market, and the minimum fee proposal will be determined on the basis of fee rates not lower than those for market comparables;

- (ii) the finance department of the Company will review the relevant business proposals and the fee proposals, focusing on whether the terms of the proposed agreements will be in line with normal commercial terms, whether the fee proposals will be in line with or better than the prevailing market price and whether they can attain the Company's expected profit;
- (iii) the finance department of the Company will submit the relevant draft agreements and supporting documents to the management of the Company for review, which is currently led by Ms. Wang Yanbo, who has over 17 years of management experience in property management companies; and
- (iv) after the relevant draft agreements with fee proposals and the relevant documents have been approved by the management of the Company, the draft agreements with fee proposals and the relevant documents will be submitted to the members of the Board (as Mr. Zhang Yong, Ms. Yang Yuyan and Mr. Li Yifan are also directors of Xinyuan Real Estate Holdings, they shall abstain from voting at the relevant Board meeting) for review and approval by the Board.

In order to protect the interests of the Shareholders, the Group has adopted certain internal control policies to regulate the respective individual transactions to be conducted within the framework of the 2022 Framework Agreements:

- (i) the finance department of the Group will closely monitor each transaction conducted under the 2022 Framework Agreements, and regularly report monitoring data to the compliance department designated by the Company. The compliance department will then summarise and monitor the total transaction amount of the transactions conducted under each of the 2022 Framework Agreements, and quarterly assess whether the annual caps of the respective 2022 Framework Agreements may be exceeded to ensure that the transaction amount does not exceed the proposed annual caps. Continuous monitoring will be in place before, during and after each transaction, to ensure that the responsibilities are duly fulfilled;
- (ii) the implementation of each contract entered into pursuant the 2022 Framework Agreements must be approved by the business department, the finance department, the legal department and the management to ensure that it is in accordance with the pricing policy and the principal terms of the 2022 Framework Agreements;

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- (iii) the auditors of the Company shall conduct annual reviews on the prices and the annual caps of the continuing connected transactions to ensure that the total transaction amounts are within the annual caps and that the transactions are conducted in accordance with the principal terms of the 2022 Framework Agreements; and
- (iv) the Board (including the independent non-executive Directors) will continue to review the quarterly monitoring reports on the transactions conducted the 2022 Framework Agreements issued by the management to ensure that the transactions are entered into in the ordinary and usual course of business of the Company and on normal commercial terms or better, and the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In assessing whether the above internal control procedures are put in place and effectively implemented, we have reviewed the relevant documentation regarding the approval of the agreements entered with the Remaining Xinyuan Real Estate Group and/or its associates and noted that the transactions contemplated thereunder were properly authorised. Having considered the above, in particular (i) that the above internal control procedures include regular review conducted by the Company to keep abreast of the prevailing fee level in the market to ensure the adherence of the pricing policy for the Proposed Continuing Connected Transactions; and (ii) the clear segregation of duties of execution, checking and authorising the transactions by designating different personnel or teams for the assessment, review and approval of the Proposed Continuing Connected Transactions and the ongoing monitoring thereof, we concur with the Directors that the above internal control policies to be adopted by the Group are appropriate and sufficient, and that the procedures and measures give assurance to the Independent Shareholders that the transactions contemplated under the 2022 Framework Agreements will be appropriately monitored by the Company to ensure that services charged to the Remaining Xinyuan Real Estate Group are on normal commercial terms (i.e. not more favourable than those charged to independent third parties) and not prejudicial to the interests of the Company and the Shareholders as a whole.

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OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the Proposed Continuing Connected Transactions are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. We also consider that the terms of the 2022 Framework Agreements (including the Proposed Annual Caps) are fair and reasonable. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Proposed Continuing Connected Transactions (including the Proposed Annual Caps).

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Danny Leung
Managing Director

Mr. Danny Leung is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS**(i) Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporation**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

(a) Interest in the Company

Name of Directors and Chief Executive	Nature of interest (Note 1)	Number of Shares or underlying Shares	Approximate percentage of issued share capital (Note 4)
Ms. WANG Yanbo	Beneficial owner	11,250,000	1.98%
Mr. HUANG Bo	Beneficial owner	5,625,000	0.99%
Mr. ZHANG Yong	Interest of controlled corporation (Note 2)	15,000,000	2.64%
Ms. YANG Yuyan	Interest of controlled corporation (Note 3)	15,000,000	2.64%

Notes:

1. All interests stated are long position.

2. Victory Destiny Holdings Limited is wholly-owned by Mr. Zhang Yong. By virtue of the SFO, Mr. Zhang Yong is deemed to be interested in the 15,000,000 Shares which are interested by Victory Destiny Holdings Limited.
3. Grace Hope Holdings Limited is wholly-owned by Ms. Yang Yuyan. By virtue of the SFO, Ms. Yang Yuyan is deemed to be interested in the 15,000,000 Shares which are interested by Grace Hope Holdings Limited.
4. The percentage of shareholding is calculated on the basis of the number of issued Shares as at the Latest Practicable Date being 567,500,000.

(b) Interest in the Company's associated corporation – Xinyuan Real Estate Holdings

Name of Directors and Chief Executive	Nature of interest (Note 1)	Number of Shares or underlying Shares	Approximate percentage of issued share capital (Note 4)
Mr. ZHANG Yong	Beneficial owner	28,400,000	30.18%
	Interest of controlled corporation (Note 2)	3,931,330	
Ms. YANG Yuyan	Founder of a discretionary trust (Note 3)	28,400,000 (Note 2)	26.51%

Notes:

1. All interests stated are long position.
2. Universal World Development Co. Ltd. is wholly-owned by Mr. ZHANG Yong. By virtue of the SFO, Mr. ZHANG Yong, a non-executive Director of the Company, is therefore deemed to be interested in 3,931,330 shares (which consists of 1,394,330 shares and 2,537,000 share options which entitle the holder thereof the right to acquire shares within 60 days) held by Universal World Development Co., Ltd.
3. Pursuant to the trust deed dated 24 November 2015 (the “**Trust Deed**”) entered into between Ms. Yang Yuyan (as settlor) and HSBC International Trustee Limited (as trustee) (the “**Trustee**”), The Spectacular Stage Trust (the “**Trust**”) was established as a discretionary trust and the beneficiaries under the Trust include the family members of Ms. Yang Yuyan. Pursuant to the terms of the Trust Deed, the Trustee is required to obtain the prior written consent of Ms. Yang Yuyan, as protector, before making any direct or indirect dispositions of any shares in Xinyuan Real Estate Holdings (the “**Common Shares**”) that constitute the assets of the Trust and to vote Common Shares held by the Trust and cause any entity owned by the Trust directly or indirectly that holds the Common Shares to vote such shares in accordance with instructions from Ms. Yang Yuyan. Accordingly, pursuant to Section 13(d) of the Securities Exchange Act of 1934 of the United States, as amended, Ms. Yang Yuyan may be deemed to beneficially own all of the Common Shares held directly or indirectly by the Trust.

4. The percentage is calculated based on the total number of shares in issue in Xinyuan Real Estate Holdings as at the Latest Practicable Date being 107,143,039.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company held any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(ii) Substantial Shareholders' interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporation

As at the Latest Practicable Date, according to the register kept by the Company under Section 336 of the SFO and so far as was known to the Directors, persons (other than the Directors) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of Shareholders	Nature of interest (Note 1)	Number of Shares or underlying Shares	Approximate percentage of issued share capital (Note 4)
Xinyuan Real Estate, Ltd. (Note 2)	Beneficial owner	300,000,000	52.86%
Xinyuan Real Estate Holdings (Notes 2, 3)	Interest of controlled corporation	300,000,000	52.86%
Galaxy Team Holdings Limited (Note 4)	Beneficial owner	37,500,000	6.61%
Xingtai Capital Management Limited	Investment manager	77,000,000	13.57%
Xingtai China Master Fund	Beneficial owner	34,000,000	5.99%

Notes:

1. All interests stated are long position.
2. Xinyuan Real Estate, Ltd. is wholly owned by Xinyuan Real Estate Co., Ltd. By virtue of the SFO, Xinyuan Real Estate Holdings is therefore deemed to be interested in 300,000,000 Shares which are interested by Xinyuan Real Estate, Ltd..

3. Xinyuan Real Estate Holdings, the shares in which are listed on the New York Stock Exchange (stock code: XIN), is owned as to 30.18% by Mr. ZHANG Yong, 26.51% by Spectacular Stage Limited and 43.31% by public shareholders.
4. Galaxy Team Holdings Limited is owned as to 30%, 15%, 15%, 10%, 10%, 5%, 5%, 5% and 5% by Ms. WANG Yanbo, Mr. HUANG Bo, Mr. WANG Yantao, Ms. DU Xiangyan, Ms. ZHANG Rong, Mr. HUANG Jinfu, Mr. AN Guangfu, Mr. LYU Shaohui and Mr. ZHANG Xiaofei, respectively.

Save as disclosed above, as at the Latest Practicable Date, according to the register kept by the Company under Section 336 of the SFO and so far as was known to the Directors, there was no other person (other than the Directors) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' POSITIONS IN SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, save as disclosed below, none of the Directors or proposed Directors was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Name of Director	Name of company which had such discloseable interest or short position	Position within such company
Mr. ZHANG Yong	Xinyuan Real Estate Holdings	Chief executive officer, executive director and chairman
Ms. YANG Yuyan	Xinyuan Real Estate Holdings	Director
Mr. LI Yifan	Xinyuan Real Estate Holdings	Independent director

4. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, each of Mr. Zhang Yong and Ms. Yang Yuyan was a shareholder of Xinyuan Real Estate Holdings, they were materially interested in the connected transactions and continuing connected transactions entered into between the Group and the Xinyuan Real Estate Group, which are as follows:

- (a) the trademark licensing agreement dated 16 September 2019 entered into between the Company on one hand and Henan Xinyuan Property Services Co., Ltd. ("**Henan Xinyuan**") and Beijing Aijieli Technology Development Co., Ltd. ("**Beijing Aijieli**") (collectively the "**Licensors**") on other hand, pursuant to which the Licensors agreed to irrevocably and unconditionally grant the Company a non-transferable license to use certain trademarks registered in the names of the Licensors in the PRC for a

perpetual term commencing from the date of the Trademark Licensing Agreement on a royalty-free basis. The Trademark Licensing Agreement is not unilaterally terminable by the Licensors. For details, please refer to section headed “Continuing Connected Transactions” in the Prospectus and the section headed “Connected Transactions” in the annual report of the Company for the year ended 31 December 2020.

- (b) the software licensing agreement dated 16 September 2019 entered into between the Company and Beijing Juzhouyun Technology Co., Ltd. (“**Beijing Juzhouyun**”), pursuant to which Beijing Juzhouyun agreed to irrevocably and unconditionally authorise the Company to use certain software registered in the name of Beijing Juzhouyun in the PRC (the “**Software**”) for a term commencing from the Listing Date until 31 December 2021 on a royalty-free basis. For details, please refer to section headed “Continuing Connected Transactions” in the Prospectus and the section headed “Connected Transactions” in the annual report of the Company for the year ended 31 December 2020.
- (c) the property lease framework agreement dated 16 September 2019 (the “**Property Lease Framework Agreement**”) entered into between the Company (for itself and on behalf of its subsidiaries and associates) (as tenant, the “**Tenant**”) and Xinyuan (China) Real Estate, Ltd. (“**Xinyuan (China)**”) (for itself and on behalf of its subsidiaries and associates) (as landlord, the “**Landlord**”), pursuant to which the Tenant will lease from the Landlord’s property(ies) for office use. The Property Lease Framework Agreement has a term commencing from the Listing Date until 31 December 2021. Separate lease agreement(s) entered into between the relevant subsidiaries or associated companies of both parties setting out the specific terms and conditions will be subject to the principles provided in the Property Lease Framework Agreement. The maximum annual fee payable by the Group under the Property Lease Framework Agreement for each of the three years ending 31 December 2021 will not exceed RMB248,000, RMB310,000 and RMB387,000, respectively. For details, please refer to section headed “Continuing Connected Transactions” in the Prospectus and the section headed “Connected Transactions” in the annual report of the Company for the year ended 31 December 2020.
- (d) the 2019 Framework Agreements. For details, please refer to section headed “Continuing Connected Transactions” in the Prospectus and the section headed “Connected Transactions” in the annual report of the Company for the year ended 31 December 2020.
- (e) the car parking space exclusive sales cooperation agreement dated 17 September 2020 (the “**Car Parking Space Exclusive Sales Cooperation Agreement**”) entered into between the Company (for its own and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for its own and on behalf of its subsidiaries and associates, excluding the Group), pursuant to which the Remaining Xinyuan Real Estate Group agreed to designate the Group as the exclusive sales partner of a total of 4,066 designated car parking spaces (the “**Designated Car Parking Spaces**”) during

the cooperation period (the “**Cooperation Period**”) and grant the exclusive sales right (the “**Exclusive Sales Right**”) to the Group for the implementation of the arrangement under the exclusive sales cooperation. Pursuant to the Car Parking Space Exclusive Sales Cooperation Agreement, the Group shall pay the Remaining Xinyuan Real Estate Group a refundable earnest money of RMB206,783,200 in instalments as the deposit for being such exclusive sales partner and holding the Exclusive Sales Right.

Regarding the sales of the Designated Car Parking Spaces, Xinyuan Real Estate Group and the Group agreed to adopt a sales cooperation model involving reserve prices, pursuant to which Xinyuan Real Estate Group shall, at the request of the Group, transfer any number of the Designated Car Parking Space(s) to any independent third party buyer(s) designated by the Group at the agreed reserve price of such Designated Car Parking Space(s) (and such price shall not be higher than the valuation of the relevant Designated Car Parking Space(s) provided by the independent valuer).

Under such model, for each sale and purchase of a Designated Car Parking Space, Xinyuan Real Estate Group shall enter into a transfer agreement with the relevant buyer; while such buyer shall also separately enter into a service agreement with the Group, pursuant to which the Group shall directly charge such buyer the service fees in respect to the services provided during the sale and purchase of the Designated Car Parking Space (the “**Co-Sales Value-Added Service Fees**”). The Group may determine the basis for charging and the amount of the Co-Sales Value-Added Service Fees based on prevailing market conditions. The Co-Sales Value-Added Service Fees shall belong to the Group entirely. The Group will act on its own benefits to carry out the Exclusive Sales Cooperation and not as an agent of the Remaining Xinyuan Real Estate Group. Pursuant to the arrangement under the Exclusive Sales Cooperation, the Group will not provide any services or charge any relevant service fees to the Remaining Xinyuan Real Estate Group.

For details, please refer to announcement of the Company dated 17 September 2020 and the circular of the Company dated 30 October 2020.

- (f) the loan agreement dated 13 August 2021 entered into between Xinyuan Science and Technology Service Group Co., Ltd. (“**Xinyuan Science**”), an indirect wholly-owned subsidiary of the Company, and Henan Xinyuan Real Estate Co., Ltd. (“**Henan Xinyuan Real Estate**”), an indirect wholly-owned subsidiary of the Xinyuan Real Estate Holdings), pursuant to which, Xinyuan Science agreed to provide a loan up to RMB48 million (the “**Loan**”) to Henan Xinyuan Real Estate, and Xinyuan (China) (an indirect wholly-owned subsidiary of Xinyuan Real Estate Holdings) agreed to provide an irrevocable and unconditional guarantee for the Loan. Interest shall be accrued on the outstanding principal of the Loan at the rate of 8% per annum starting from 17 August 2021, being the date on which Xinyuan Science made a one-time disbursement to Henan Xinyuan Real Estate (the “**Disbursement Date**”) and ending on the date of full payment of the Loan. Henan Xinyuan Real Estate shall pay to Xinyuan Science the entire amount of outstanding interest incurred from the Loan on the interest

payment date of each quarter. Unless otherwise agreed between the parties, the Loan and the accrued interest thereon shall be repaid in full on the second anniversary from the Disbursement Date (i.e. 16 August 2023). For details, please refer to the announcement of the Company dated 13 August 2021.

Save as disclosed above, there is no contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

5. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors or proposed Directors had any direct or indirect interest in any assets which had been, since 31 December 2020 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract or a proposed service contract with any member of the Group which is not expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

7. COMPETING BUSINESS INTERESTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors, proposed Directors or their respective close associates (as if each of them were treated as a controlling Shareholder under Rule 8.10 of the Listing Rules) had any competing interests in a business which competes or is likely to compete with the business of the Group.

8. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited accounts of the Company were made up.

9. EXPERT'S QUALIFICATIONS AND CONSENT

- (a) The following are the qualifications of the expert who had given its opinion or advice which is contained in this circular:

Name	Qualifications
Rainbow Capital (HK) Limited	A corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities

- (b) As at the Latest Practicable Date, the expert above did not have any direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) The expert above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or report and/or reference (as the case may be) and references to its name in the form and context in which they are included.
- (d) As at the Latest Practicable Date, the expert above did not have any direct or indirect interest in any assets which have been, since 31 December 2020 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.
- (e) The letter from the Independent Financial Adviser is given as of the date of this circular for incorporation herein.

10. MISCELLANEOUS

- (a) The registered office of the Company is situated at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The corporate headquarters is situated at 3/F., International Living Clubhouse, 18 Xinyuan Road, Jinshui District, Zhengzhou, Henan Province, PRC. The principal place of business in Hong Kong is situated at 9/F., Wah Yuen Building, 149 Queen's Road Central, Hong Kong.
- (b) The Hong Kong Branch Share Registrar of the Company is Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The English text of this circular and the accompanying form of proxy shall prevail over its Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company at 9/F, Wah Yuen Building, 149 Queen's Road Central, Central, Hong Kong for a period of 14 days from the date of this circular:

- (a) the 2022 Property Management Services Framework Agreement;
- (b) the 2022 Pre-delivery and Consulting Services Framework Agreement;
- (c) the 2022 Value-added Services Framework Agreement;
- (d) the 2022 Property Engineering Services Framework Agreement;
- (e) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (f) the letter from the Independent Financial Adviser, the text of which is set out in this circular;
- (g) the written consent referred to in the section headed "Expert's Qualifications and Consent" in Appendix I of this circular; and
- (h) this circular.

NOTICE OF THE EGM

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

PRECAUTIONARY MEASURES FOR THE EGM

Please refer to page 1 of the circular of the Company dated 14 December 2021 for the measures to be implemented at the EGM by the Company against the pandemic to protect the attendees from the risk of infection of the Novel Coronavirus (“COVID-19”), including:

- **compulsory body temperature check**
- **compulsory wearing of surgical face mask**
- **no distribution of corporate gifts and no serving of refreshments**

Any person who does not comply with the precautionary measures may be denied entry into the EGM venue. The Company wishes to advise Shareholders that you may appoint the Chairman of the meeting as your proxy to vote on the relevant resolution at the EGM as an alternative to attending the EGM in person.

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Xinyuan Property Management Service (Cayman) Ltd. (the “**Company**”) will be held at Small Meeting Room, 2/F., International Living Clubhouse, 18 Xinyuan Road, Jinshui District, Zhengzhou, Henan Province, PRC on Thursday, 30 December 2021 at 2:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions, with or without amendments, as ordinary resolutions of the Company. Capitalised terms defined in the circular of the Company dated 14 December 2021 (the “**Circular**”) shall have the same meanings when used herein unless otherwise specified:

ORDINARY RESOLUTIONS

1. **“THAT** the 2022 Property Management Services Framework Agreement, a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder (including the annual caps), be and are hereby confirmed and approved, and any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do

NOTICE OF THE EGM

all such acts or things deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated in and completion of the 2022 Property Management Services Framework Agreement.”

2. “**THAT** the 2022 Pre-delivery and Consulting Services Framework Agreement, a copy of which is tabled at the meeting and marked “B” and initialled by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder (including the annual caps), be and are hereby confirmed and approved, and any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated in and completion of the 2022 Pre-delivery and Consulting Services Framework Agreement.”
3. “**THAT** the 2022 Value-added Services Framework Agreement, a copy of which is tabled at the meeting and marked “C” and initialled by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder (including the annual caps), be and are hereby confirmed and approved, and any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated in and completion of the 2022 Value-added Services Framework Agreement.”
4. “**THAT** the 2022 Property Engineering Services Framework Agreement, a copy of which is tabled at the meeting and marked “D” and initialled by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder (including the annual caps), be and are hereby confirmed and approved, and any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated in and completion of the 2022 Property Engineering Services Framework Agreement.”

By Order of the Board

Xinyuan Property Management Service (Cayman) Ltd.

WANG Yanbo

Executive Director and Chief Executive Officer

Hong Kong, 14 December 2021

NOTICE OF THE EGM

Registered Office:

P.O. Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Corporate Headquarters:

3/F., International Living Clubhouse
18 Xinyuan Road
Jinshui District
Zhengzhou
Henan Province
PRC

Principal Place of Business

in Hong Kong:

9/F, Wah Yuen Building
149 Queen's Road Central
Hong Kong

Notes:

1. All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company (<http://www.xypm.hk>) in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
3. In case of joint holders of shares, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders are present at any meeting personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the Register of Members of the Company.
4. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the above meeting (i.e. not later than 2:00 p.m. on Tuesday, 28 December 2021) or the adjourned meeting (as the case may be). Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. For determining the entitlement to attend and vote at the above meeting, the Register of Members of the Company will be closed from Wednesday, 29 December 2021 to Thursday, 30 December 2021, both dates inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 28 December 2021.

As at the date of this notice, 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.