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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)

DISCLOSEABLE AND CONNECTED TRANSACTION SUPPLEMENTAL AGREEMENT

SUPPLEMENTAL AGREEMENT

Reference is made to the announcement dated 17 September 2020 and the Circular dated 30 October 2020 of the Company in relation to the Car Parking Space Exclusive Sales Cooperation Agreement and the transactions contemplated thereunder.

On 23 December 2021 (after trading hours), 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) entered into the Supplemental Agreement to the Car Parking Space Exclusive Sales Cooperation Agreement.

Subject to the fulfillment of the CP (Supplemental Agreement), the Company and Xinyuan Real Estate Holdings agreed that the Cooperation Period shall be ending on 31 December 2023 instead of 31 December 2021.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the transactions contemplated under the Car Parking Space Exclusive Sales Cooperation Agreement (as supplemented and amended by the Supplemental Agreement) is more than 5% but less than 25%, the transactions contemplated under the Car Parking Space Exclusive Sales Cooperation Agreement (as supplemented and amended by the Supplemental Agreement) constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and are therefore subject to the reporting and announcement requirements under the Listing Rules.

As at the date of this announcement, Xinyuan Real Estate Holdings is indirectly interested in 52.86% of the issued Shares in the Company, and is the controlling shareholder 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 Car Parking Space Exclusive Sales Cooperation Agreement (as supplemented and amended by the Supplemental Agreement) constitute a connected transaction of the Company.

As the highest applicable percentage ratio in respect of the transactions contemplated under the Car Parking Space Exclusive Sales Cooperation Agreement (as supplemented and amended by the Supplemental Agreement) is more than 5%, the transactions contemplated under the Car Parking Space Exclusive Sales Cooperation Agreement (as supplemented and amended by the Supplemental Agreement) are therefore subject to the requirements for reporting, announcement and approval by the Independent Shareholders under Chapter 14A of the Listing Rules.

GENERAL

The Company has established an Independent Board Committee (which comprises all the independent non-executive Directors who are not the directors of Xinyuan Real Estate Holdings) to advise the Independent Shareholders in respect of the Supplemental Agreement and the transactions contemplated thereunder. The Company has also engaged an Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Second EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve, among others, the Supplemental Agreement and the transactions contemplated thereunder. Xinyuan Real Estate Holdings and its associates will abstain from voting on the resolutions in respect of the Supplemental Agreement and the transactions contemplated thereunder at the Second EGM. As Mr. Zhang Yong, Ms. Yang Yuyan and Mr. Li Yifan are also the directors of Xinyuan Real Estate Holdings, they have abstained from voting on the resolutions in respect of the Supplemental Agreement 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 Supplemental Agreement and the transactions contemplated thereunder, and none of them were required to abstain from voting on the resolutions considering and approving the Supplemental Agreement and the transactions contemplated thereunder at the relevant Board meeting.

A circular containing, amongst other things, (i) details of the Supplemental Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee containing its recommendations in respect thereof; (iii) a letter from the Independent Financial Advisor containing its advice to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the Second EGM, will be despatched to the Shareholders on or before 14 January 2022.

Shareholders and potential investors should be aware that the Supplemental Agreement is conditional upon the fulfilment of the condition precedent as set out therein. As such, the Supplemental Agreement may or may not proceed. As the transactions contemplated under the Supplemental Agreement may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

SUPPLEMENTAL AGREEMENT

Reference is made to the announcement dated 17 September 2020 and the circular dated 30 October 2020 (the “**Circular**”) of Xinyuan Property Management Service (Cayman) Ltd. (the “**Company**”) in relation to the Car Parking Space Exclusive Sales Cooperation Agreement (as defined in the Circular) and the transactions contemplated thereunder. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Circular.

On 23 December 2021 (after trading hours), 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) entered into a supplemental agreement (the “**Supplemental Agreement**”) to the Car Parking Space Exclusive Sales Cooperation Agreement.

Extension of the Cooperation Period

Subject to the fulfillment of the CP (Supplemental Agreement), the Company and Xinyuan Real Estate Holdings agreed that the Cooperation Period shall be ending on 31 December 2023 instead of 31 December 2021 (the “**Extension**”).

Condition Precedent

The transactions contemplated under the Supplemental Agreement are subject to the fulfillment of the passing of the necessary resolution(s) by the Independent Shareholders at the extraordinary general meeting (the “**Second EGM**”) to be convened by the Company for the Independent Shareholders to consider and, if thought fit, approve, amongst other things, the Supplemental Agreement and the transactions contemplated thereunder (the “**CP (Supplemental Agreement)**”).

Save as disclosed above, all other terms and provisions of the Car Parking Space Exclusive Sales Cooperation Agreement remain the same.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT

Pursuant to the Car Parking Space Exclusive Sales Cooperation Agreement, Xinyuan Real Estate Group agreed to designate the Group as the exclusive sales partner of a total of 4,066 Designated Car Parking Spaces by 31 December 2021. As of the date of this announcement, (i) the Group has sold 541 out of the 4,066 Designated Car Parking Spaces; and (ii) the aggregate amount of the prices of the Designated Car Parking Spaces sold to the relevant buyers (the “**Total Sale Amount**”) was approximately RMB39.4 million, in which approximately RMB24.0 million is the aggregate amount of the Car Parking Space Reserve Price and approximately RMB15.4 million is the aggregate Co-Sales Value Added Service Fees received by the Group. Accordingly, based on the Designated Car Parking Spaces sold, the Co-Sales Value Added Service Fees received by the Group is approximately 39.2% of the Total Sale Amount (the “**Margin**”).

The Company is of the view that despite the Margin is at a satisfactory rate, the sale rate is lower than expected. Such slow sale rate was mainly due to the severe floods in Henan province happened in July 2021 (the “**2021 Henan Floods**”), which caused severe losses in cities like Zhengzhou and a number of cities in Henan province were paralyzed.

As cities in Henan province such as Zhengzhou are recovering from the 2021 Henan Floods, the Company is confident that sale rate of the Designated Car Parking Spaces would grow at a faster pace in 2022 and going forward. As the Company is of the view that it is in the interest of the Group to continue to capture the Margin, the Company is desirous to extend the Cooperation Period to 31 December 2023.

The terms of the Supplemental Agreement are determined between the parties after arm’s length negotiations. Taking into account the above, the terms and conditions of the Supplemental Agreement are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, and are in the interests of the Company and its 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 date of this announcement, Xinyuan Real Estate Holdings is indirectly interested in approximately 52.86% of the issued Shares in the Company, and is one of the Controlling Shareholders of the Company.

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 date of this announcement, 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).

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

Hong Kong, 23 December 2021

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