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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)

UPDATES TO DISCLOSEABLE AND CONNECTED TRANSACTION

SUPPLEMENTAL AGREEMENT-2

Reference is made to the announcement dated 17 September 2020, the 2020 Circular, the Announcement (Supplemental Agreement-1) and the announcements dated 13 January 2022, 24 February 2022, 12 April 2022 and 29 April 2022 of the Company in relation to the Car Parking Space Exclusive Sales Cooperation Agreement, the Supplemental Agreement-1 and the transactions contemplated thereunder.

On 16 May 2022 (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-2, pursuant to which, subject to the fulfilment of the CP (Supplemental Agreements):

- (i) the Company and Xinyuan Real Estate Holdings agreed that all amount of the Car Parking Space Reserve Price (a) received by the Group on behalf of Xinyuan Real Estate Group from the sales of the Designated Car Parking Spaces which has not yet been returned to Xinyuan Real Estate Group; and (b) to be received by the Group on behalf of Xinyuan Real Estate Group from the sales of the Designated Car Parking Spaces during the Extended Cooperation Period shall be directly applied as refund of the Earnest Money from Xinyuan Real Estate Group to the Group until all paid Earnest Money is fully refunded;
- (ii) all proceeds of the Car Parking Space Reserve Price generated from the sales of the Designated Car Parking Spaces can only be collected by the Group until all Earnest Money paid by the Group to Xinyuan Real Estate Group is fully refunded; and
- (iii) in respect of the Early Refund Mechanism, the 1st Early Refund Amount and the 2nd Early Refund Amount shall remain unchanged, and the 3rd Early Refund Amount shall be adjusted as the total amount of outstanding paid Earnest Money yet to be refunded to the Group by Xinyuan Real Estate Group.

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 Agreements) 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 Agreements) 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 Agreements) 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 Agreements) is more than 5%, the transactions contemplated under the Car Parking Space Exclusive Sales Cooperation Agreement (as supplemented and amended by the Supplemental Agreements) 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 Agreements 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 EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve, among others, the Supplemental Agreements and the transactions contemplated thereunder. Xinyuan Real Estate Holdings, its associates and any Shareholder who has material interest in the Supplemental Agreements and the transactions contemplated thereunder will abstain from voting on the resolutions in respect of the Supplemental Agreements and the transactions contemplated thereunder at the EGM. As Mr. Zhang Yong, Ms. Yang Yuyan, Mr. Li Yifan and Mr. Shen Yuan-Ching are also the directors of Xinyuan Real Estate Holdings, they have abstained from voting on the resolutions in respect of the Supplemental 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 Supplemental Agreements and the transactions contemplated thereunder, and none of them were required to abstain from voting on the resolutions considering and approving the Supplemental Agreements and the transactions contemplated thereunder at the relevant Board meeting.

A circular containing, amongst other things, (i) details of the Supplemental Agreements 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 EGM, will be despatched to the Shareholders on or before 31 May 2022.

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

SUPPLEMENTAL AGREEMENT-2

Reference is made to the announcement dated 17 September 2020, the 2020 Circular and the Announcement (Supplemental Agreement-1) and the announcements dated 13 January 2022, 24 February 2022, 12 April 2022 and 29 April 2022 of the Company in relation to the Car Parking Space Exclusive Sales Cooperation Agreement, the Supplemental Agreement-1 and the transactions contemplated thereunder.

On 16 May 2022 (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-2, pursuant to which, subject to the fulfilment of the CP (Supplemental Agreements):

- (i) the Company and Xinyuan Real Estate Holdings agreed that all amount of the Car Parking Space Reserve Price (a) received by the Group on behalf of Xinyuan Real Estate Group from the sales of the Designated Car Parking Spaces which has not yet been returned to Xinyuan Real Estate Group; and (b) to be received by the Group on behalf of Xinyuan Real Estate Group from the sales of the Designated Car Parking Spaces during the Extended Cooperation Period shall be directly applied as refund of the Earnest Money from Xinyuan Real Estate Group to the Group until all paid Earnest Money is fully refunded;
- (ii) all proceeds of the Car Parking Space Reserve Price generated from the sales of the Designated Car Parking Spaces can only be collected by the Group until all Earnest Money paid by the Group to Xinyuan Real Estate Group is fully refunded; and
- (iii) in respect of the Early Refund Mechanism, the 1st Early Refund Amount and the 2nd Early Refund Amount shall remain unchanged, and the 3rd Early Refund Amount shall be adjusted as the total amount of outstanding paid Earnest Money yet to be refunded to the Group by Xinyuan Real Estate Group.

Condition Precedent

The transactions contemplated under each of the Supplemental Agreements are subject to the approval of both Supplemental Agreements and the transactions contemplated thereunder by the Independent Shareholders at the EGM (the “**CP (Supplemental Agreements)**”).

Save as disclosed above, all other terms and provisions of the Car Parking Space Exclusive Sales Cooperation Agreement as disclosed in the 2020 Circular and the Supplemental Agreement-1 shall remain the same.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENTS

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 during the Cooperation Period until 31 December 2021. As disclosed in the Announcement (Supplemental Agreement-1) and this announcement, subject to the fulfilment of CP (Supplemental Agreements), the Company and Xinyuan Real Estate Holdings agreed that, among others, the Cooperation Period shall be extended from 31 December 2021 to 31 December 2023. As of 31 December 2021 which was the ending date of the Cooperation Period, (i) the Group had sold 548 out of the 4,066 Designated Car Parking Spaces; and (ii) the aggregate amount of the packaged prices (after tax) of the Designated Car Parking Spaces sold to the relevant buyers during the Cooperation Period (the “**Total Sale Amount**”) amounted to approximately RMB39.8 million, of which approximately RMB24.2 million represented the aggregate amount of the Car Parking Space Reserve Price received by the Group on behalf of Xinyuan Real Estate Group and approximately RMB15.6 million represented the aggregate amount of 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 amounted to approximately 39.2% of the Total Sale Amount (the “**Historical Margin**”).

Pursuant to the valuation performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the Independent Valuer, the market value of the remaining 3,518 Designated Car Parking Spaces amounted to approximately RMB286.8 million as at 28 February 2022 (the “**Latest Valuation Price**”). As the aggregated Car Parking Space Reserve Price (as adjusted between the Group and Xinyuan Real Estate Group during the Cooperation Period) for the remaining 3,518 Designated Car Parking Spaces amounts to approximately RMB169.2 million (the “**Remaining Car Parking Space Reserve Price**”), the difference between the Latest Valuation Price and the Remaining Car Parking Space Reserve Price of approximately RMB117.6 million shall constitute approximately 41.0% of the Latest Valuation Price. In this regard, the estimated maximum margin that the Group shall be able to charge as Co-Sales Value-Added Service Fees for the sales of the remaining 3,518 Designated Car Parking Spaces shall be approximately 39.6% (after tax) (the “**Expected Maximum Margin**”), which is similar to the Historical Margin which the Directors consider as satisfactory. Considering that, among others, the estimated maximum proportion of the aggregated selling prices of the remaining 3,518 Designated Car Parking Spaces that the Company would be able to charge as Co-Sales Value-Added Service Fees (i.e. the Expected Maximum Margin determined with reference to the Latest Valuation Price) is similar to the proportion of aggregated selling prices of the sold Designated Car Parking Spaces which the Company charged as Co-Sales Value-Added Service Fees during the Cooperation Period (i.e. the Historical Margin), the Directors are satisfied with the Latest Valuation Price. The Expected Maximum Margin has not taken into account the Co-Sales Value-Added Service Fees Adjustment, and as further explained below, as part of the Company’s sales-enhancement measures, the Company shall adjust the Co-Sales Value-Added Service Fees by the Co-Sales Value-Added Service Fees Adjustment in order to maximize its revenue receivables from the Exclusive Sales Cooperation during the Extended Cooperation Period.

Despite that the Historical Margin was at a satisfactory rate, the Company is of the view that the sale rate of the Designated Car Parking Spaces was lower than expected. Such low sale rate was mainly due to the severe floods in Henan province occurred in July 2021 (the “**2021 Henan Floods**”), which caused severe losses in cities like Zhengzhou and paralyzed a number of cities in Henan province. Primarily due to the 2021 Henan Floods, (i) a number of Company’s promotional campaigns and events in the affected areas in relation to the sales of Designated Car Parking Spaces had not been able to put in place in the way as originally planned; (ii) transportations in Zhengzhou had been disrupted for several months which negatively affected the demands of the Designated Car Parking Spaces in the affected areas; (iii) the economy and thus the purchasing powers of individuals in Zhengzhou had been temporarily affected; and (iv) the sales performance of the Designated Car Parking Spaces had thus been severely impacted that, in particular, only one Designated Car Parking Space was sold in Zhengzhou since the occurrence of 2021 Henan Floods in July 2021 until the end of September 2021.

As at the date of this announcement, it had been approximately ten months since the occurrence of the 2021 Henan Floods. As set out in the “Work program to accelerate the resumption of work and production to promote the smooth economic operation in Zhengzhou” (鄭州市加快市場經營主體復工復產促進經濟平穩運行工作方案) issued by Zhengzhou Municipal People’s Government in September 2021, 33 measures were proposed to accelerate the resumption of work and production in the affected areas, and it was expected that Zhengzhou’s industrial economic development would be restored to the pre-flood level within three months. In addition, as stated in the “Master plan on extradentary heavy rainfall and flood recovery and reconstruction in Zhengzhou Henan and other cities” (河南鄭州等地特大暴雨洪澇災害災後恢復重建總體規劃) issued by Henan Province People’s Government in January 2022, the affected cities in Henan province should have basically completed the post-flood repairment and reconstruction of damaged houses and restoration of transportation, energy, communications, infrastructure and education and health services to pre-flood levels, which is in line with the Directors’ observation. Primarily based on the above, the Directors consider that cities in Henan province have substantially recovered from the 2021 Henan Floods.

The Company has decided to implement the following sales-enhancement measures during the Extended Cooperation Period:

- (i) The Company has decided to reduce the level of Co-Sales Value-Added Service Fees to be charged by the Company by approximately 20% during the Extended Cooperation Period (the “**Co-Sales Value-Added Service Fees Adjustment**”); and
- (ii) The Company shall revise its internal sales incentive policy, which shall increase the sales bonus to be paid to the front-line sales personnel by 280% from RMB500 to RMB1,900 per successful sale of the Designated Car Parking Spaces during the Extended Cooperation Period.

It is estimated by the Directors that the aforementioned measures shall likely have the effect of maximizing its revenue receivables from the Exclusive Sales Cooperation during the Extended Cooperation Period. As at the date of this announcement, the Group has accumulated approximately five hundreds formally registered potential clients for the sales of Designated Car Parking Spaces. Since such approximately five hundred formally registered potential customers have indicated by way of registration their intention to purchase the relevant Designated Car Parking Spaces, the Group's relevant sales teams have on a continuous basis been maintaining regular communications with them in order to keep them engaged and to retain their purchasing interests. As at the date of this announcement, the Group has not seen any material changes in their purchasing intention. The Directors estimate that approximately 80% of such formally registered potential customers shall be converted into sales during the Extended Cooperation Period, which is in line with the Group's historical sales record.

Taking into account the Group's current progress of client solicitation, the proposed sales-enhancement measures as stated above, the Latest Valuation Price and the Expected Maximum Margin (and the adjustment thereto per the Co-Sales Value-Added Service Fees Adjustment), the Directors are of the view that, assuming that the extension of the Cooperation Period will be approved in the EGM on or before 7 June 2022, an estimate of 1,040 and 1,259 Designated Car Parking Spaces can be sold for the years ending 31 December 2022 and 31 December 2023, respectively, realizing approximately RMB26.6 million and approximately RMB32.1 million (both after tax) of Co-Sales Value Added Service Fees for the years ending 31 December 2022 and 31 December 2023, respectively (in aggregate, the "**Expected Return**"). The rate of return (calculated by dividing the portion of Expected Return to be received throughout the relevant year by the amount of paid Earnest Money (i.e. RMB205,461,491.4)) is estimated to be 12.9% and 15.6% in 2022 and 2023, respectively. Considering (i) the fact that cities in Henan Province such as Zhengzhou have substantially recovered from the 2021 Henan Floods; (ii) the aforementioned sales-enhancement measures to be adopted by the Group during the Extended Cooperation Period; and (iii) the Latest Valuation Price and the Expected Maximum Margin (and the adjustment thereto per the Co-Sales Value-Added Service Fees Adjustment), the Company is confident that the sale rate of the Designated Car Parking Spaces will grow at a faster pace going forward and thus the Company shall be able to achieve the realization of the Expected Return.

Taking into account the Co-Sales Value-Added Service Fees Adjustment, the average expected margin of the Designated Car Parking Spaces expected to be sold during the Extended Cooperation Period (the “**2022–2023 Designated Car Parking Spaces**”) is estimated to be 34.3% (the “**2022–2023 Average Margin**”). The expected margins for the sales of approximately 67.6% of the 2022–2023 Designated Car Parking Spaces (in terms of aggregated expected selling prices of the 2022–2023 Designated Car Parking Spaces) are expected not to deviate from the 2022–2023 Average Margin by more than 6%. It is estimated that the expected margins for the sales of approximately 22.7% of the 2022–2023 Designated Car Parking Spaces (in terms of aggregated expected selling prices of the 2022–2023 Designated Car Parking Spaces) shall exceed the 2022–2023 Average Margin by more than 6%. While the Company’s sales effort will form part of the contribution, such relatively high expected margin from the sales of 22.7% of the 2022–2023 Designated Car Parking Spaces (in terms of aggregated expected selling prices of the 2022–2023 Designated Car Parking Spaces) is primarily contributed by the relatively high demand of such car parking spaces driven by the relatively high occupancy rate of the nearby residential estates.

Further, with reference to the approximately RMB15.6 million Co-Sales Value-Added Service Fees received by the Group during the Cooperation Period, the Co-Sales Value-Added Service Fees-to-paid Earnest Money ratio amounted to approximately 7.6%, while the annual demand deposit interest rate and annual fixed deposit interest rate in Renminbi recently offered by banks to the Group amounted to merely approximately 0.3% and 2%–4%, respectively (the “**Reference Annual Bank Interest Rates**”). In this regard, the Directors see the benefits of the Exclusive Sales Cooperation so far as the rate of annual return from the Exclusive Sales Cooperation exceeds the Reference Annual Bank Interest Rates. Considering that the Cooperation Period lasted for approximately 13 months from 19 November 2020 to 31 December 2021, the Directors are of the view that it is reasonable to regard that the approximate 13 months’ return of approximately 7.6% from the Exclusive Sales Cooperation has outperformed the Reference Annual Bank Interest Rates.

According to the Company’s annual report for the year ended 31 December 2021, the cash and cash equivalent of the Group amounted to approximately RMB321.7 million as at 31 December 2021. However, as at the date of this announcement, the Company has not identified any suitable investment targets or business opportunities to pursue for the abundant cash on hand. Given the abundant cash resources as demonstrated above, the Directors are of the view that the extension of the Cooperation Period in return for securing the exclusive sales partnership of the Designated Car Parking Spaces may enable the Group to keep the return on investment of surplus cash whilst maintain financial flexibility, as compared to other alternatives such as depositing the cash resources in the banks for the Reference Annual Bank Interest Rates.

As at the date of this announcement, the full amount of approximately RMB24.2 million of the Car Parking Space Reserve Price received by the Group on behalf of Xinyuan Real Estate Group during the Cooperation Period has yet to be returned to Xinyuan Real Estate Group. In this regard, upon the effective date of the Supplemental Agreements, (i) such approximately RMB24.2 million shall be applied directly by the Group as refund of part of the paid Earnest Money from Xinyuan Real Estate Group to the Group; and (ii) the outstanding Earnest Money yet to be refunded to the Group by Xinyuan Real Estate Group shall amount to approximately RMB181.3 million. As the Company is expecting a higher sales rate of the Designated Car Parking Spaces during the Extended Cooperation Period for reasons explained above, with the Car Parking Space Reserve Price to be received by the Group on behalf of Xinyuan Real Estate Group during the Extended Cooperation Period being directly applied as refund of the paid Earnest Money and considering also the Company's estimation that, assuming that the Supplemental Agreements are approved in the EGM on or before 7 June 2022, the sales rate of the Designated Car Parking Spaces shall reach 70% during the Extended Cooperation Period thereby enabling the early refund of the 1st Early Refund Amount and the 2nd Early Refund Amount, the Company expects that the arrangement under the Supplemental Agreements shall effectively enhance the recovery of the paid Earnest Money and that the remaining RMB181.3 million outstanding to-be-refunded Earnest Money shall be fully refunded by December 2023.

While the Company agrees that, as the estimated sales rate of the Designated Car Parking Spaces shall only reach 70% during the Extended Cooperation Period, requesting for the immediate return of 30% of the paid Earnest Money before the extension of the Cooperation Period would be in the best interest of the Company and its Independent Shareholders, during the course of negotiation of the terms under the Supplemental Agreements, Xinyuan Real Estate Group was clear that such sales estimation represents only an estimation that the Company could make at the moment, which may at the end deviate favorably or unfavorably from the future actual sales performance. Given the Company's desire to capture the benefits from the extension of Cooperation Period and Xinyuan Real Estate Group's reluctance of immediately returning 30% of the paid Earnest Money, the Company reached an agreement with Xinyuan Real Estate Group in respect of the current terms of Supplemental Agreements as result of best effort of negotiation.

In determining whether to extend the Cooperation Period, the Company has also considered the liquidity and financial position of Xinyuan Real Estate Group by applying the “Three Red Lines” tests generally applied by PRC regulators for the assessment of the liquidity and financial position of PRC property developers, namely, to assess whether (i) the liability-to-asset ratio (excluding advance receipts) of Xinyuan Real Estate Group is less than 70%; (ii) the net gearing ratio of Xinyuan Real Estate Group is less than 100%; and (iii) the cash-to-short-term debt ratio of Xinyuan Real Estate Group is more than 1. According to the unaudited financial information of Xinyuan Real Estate Group as at 30 September 2021 which are the latest financial information obtainable by the Group from Xinyuan Real Estate Group as at the date of this announcement, the liability-to-asset ratio (excluding advance receipts), the net gearing ratio and the cash-to-short-term debt ratio of Xinyuan Real Estate Group was approximately 77%, 71% and 1.21, respectively. Although the liability-to-asset ratio (excluding advance receipt) of Xinyuan Real Estate Group exceeded 70% as at 30 September 2021, according to recent communications with Xinyuan Real Estate Group, despite that Xinyuan Real Estate Group has experienced minor financial liquidity problem previously, such problem no longer exists and that the financial and business operation status of Xinyuan Real Estate Group has returned normal.

Also, considering that (i) the sale of a Designated Car Parking Space is a packaged offer comprising of the Car Parking Space Reserve Price and the Co-Sales Value-Added Services Fee; and (ii), during the Extended Cooperation Period, the Car Parking Space Reserve Price to be received by the Group on behalf of Xinyuan Real Estate Group shall be directly applied as refund of the paid Earnest Money, the Directors are of the view that, before the full refund of paid Earnest Money, any adjustment of the Car Parking Space Reserve Price would only represent an adjustment between the amount of to-be-refunded Earnest Money and the amount of to-be-charged Co-Sales Value-Added Services Fee. The receipt of any of which should be in the interest to the Company and its Independent Shareholders as a whole. In this regard, the Company has not negotiated with Xinyuan Real Estate Group for any adjustment of the Remaining Car Parking Space Reserve Price.

The terms of the Supplemental Agreement-2 are determined between the parties after arm’s length negotiations. Taking into account the above, the Board (including the independent non-executive Directors) considers that the terms and conditions of the Supplemental Agreement-2 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 29.51% of the share capital 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 26.36% of the issued shares of Xinyuan Real Estate Holdings).

LISTING RULES IMPLICATIONS

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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 Agreements) 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 Agreements) is more than 5%, the transactions contemplated under the Car Parking Space Exclusive Sales Cooperation Agreement (as supplemented and amended by the Supplemental Agreements) 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 Agreements 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 EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve, among others, the Supplemental Agreements and the transactions contemplated thereunder. Xinyuan Real Estate Holdings, its associates and any Shareholder who has material interest in the Supplemental Agreements and the transactions contemplated thereunder will abstain from voting on the resolutions in respect of the Supplemental Agreements and the transactions contemplated thereunder at the EGM. As Mr. Zhang Yong, Ms. Yang Yuyan, Mr. Li Yifan and Mr. Shen Yuan-Ching are also the directors of Xinyuan Real Estate Holdings, they have abstained from voting on the resolutions in respect of the Supplemental 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 Supplemental Agreements and the transactions contemplated thereunder, and none of them were required to abstain from voting on the resolutions considering and approving the Supplemental Agreements and the transactions contemplated thereunder at the relevant Board meeting.

A circular containing, amongst other things, (i) details of the Supplemental Agreements 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 EGM, will be despatched to the Shareholders on or before 31 May 2022.

DEFINITIONS

“2020 Circular”	the circular of the Company dated 30 October 2020 in relation to the Car Parking Space Exclusive Sales Cooperation Agreement and the transactions contemplated thereunder
“2021 Henan Floods”	has the meaning ascribed to it under the section headed “Reasons For and Benefits of Entering into the Supplemental Agreements” in this announcement
“2022–2023 Average Margin”	has the meaning ascribed to it under the section headed “Reasons For and Benefits of Entering into the Supplemental Agreements” in this announcement
“2022–2023 Designated Car Parking Spaces”	has the meaning ascribed to it under the section headed “Reasons For and Benefits of Entering into the Supplemental Agreements” in this announcement
“Announcement (Supplemental Agreement-1)”	the announcement of the Company dated 23 December 2021 in relation to, among others, the supplemental agreement-1 and the transactions contemplated thereunder
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Car Parking Space(s)”	the title of a car parking space or the right to occupy, use, lease and profit from a car parking space until the expiry of the land use rights of the relevant properties
“Car Parking Space Exclusive Sales Cooperation Agreement”	the car parking space exclusive sales cooperation agreement dated 17 September 2020 entered into between Xinyuan Real Estate Holdings and the Company
“Car Parking Space Reserve Price”	has the meaning ascribed to it in the sub-section headed “Car Parking Space Exclusive Sales Cooperation Agreement – Exclusive Sales Cooperation” in the 2020 Circular
“Co-Sales Value Added Service Fees”	has the meaning ascribed to it in the sub-section headed “Car Parking Space Exclusive Sales Cooperation Agreement – Exclusive Sales Cooperation” in the “Letter from the Board” section of the 2020 circular

“Co-Sales Value-Added Service Fees Adjustment”	has the meaning ascribed to it under the section headed “Reasons For and Benefits of Entering into the Supplemental Agreements” in this announcement
“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
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Cooperation Period”	has the meaning ascribed to it in the sub-section headed “Car Parking Space Exclusive Sales Cooperation Agreement – Conditions Precedent” in the “Letter from the Board” section in the 2020 Circular
“CP (Supplemental Agreements)”	has the meaning ascribed to it in the sub-section headed “Supplemental Agreement-2 – Condition Precedent” of this announcement
“Designated Car Parking Spaces”	the Car Parking Spaces on which the Exclusive Sales Cooperation was carried out by the parties under the Car Parking Space Exclusive Sales Cooperation Agreement, detail of which is set out in the 2020 Circular
“Director(s)”	the director(s) of the Company
“Early Refund Mechanism”, “1st Early Refund Amount”, “2nd Early Refund Amount” and “3rd Early Refund Amount”	pursuant to the Car Parking Space Exclusive Sales Cooperation Agreement, among others, (i) Xinyuan Real Estate Group shall, within 7 working days from the date of the Group meeting 40%, 70% and 90% of the sales rate of the Designated Car Parking Spaces, refund to the Group RMB82,713,280 (the “ 1st Early Refund Amount ”), RMB62,034,960 (the “ 2nd Early Refund Amount ”) and RMB62,034,960 (the “ 3rd Early Refund Amount ”), respectively, of the Earnest Money (the “ Early Refund Mechanism ”). For details of the Early Refund Mechanism, please refer to the 2020 Circular

“Earnest Money”	has the meaning ascribed to it in the sub-section headed “Car Parking Space Exclusive Sales Cooperation Agreement – Earnest Money” in the “Letter from the Board” section in the 2020 Circular
“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 Supplemental Agreements and the transactions contemplated thereunder
“Exclusive Sales Cooperation”	the sales cooperation arrangement between the parties in relation to the Designated Car Parking Spaces as set out in the Car Parking Space Exclusive Sales Cooperation Agreement, detail of which is set out in the 2020 Circular
“Expected Maximum Margin”	has the meaning ascribed to it under the section headed “Reasons For and Benefits of Entering into the Supplemental Agreements” in this announcement
“Expected Return”	has the meaning ascribed to it under the section headed “Reasons For and Benefits of Entering into the Supplemental Agreements” in this announcement
“Extended Cooperation Period”	the period of the Cooperation Period to be extended until 31 December 2023 pursuant to the terms and conditions of the Supplemental Agreements
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Historical Margin”	has the meaning ascribed to it under the section headed “Reasons For and Benefits of Entering into the Supplemental Agreements” in this announcement
“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 Supplemental 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 Supplemental Agreements and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders of the Company, excluding Xinyuan Real Estate Holdings, its associates and any Shareholder who has material interest in the Supplemental Agreements and the transactions contemplated thereunder
“Independent Third Party(ies)”	independent third party(ies) not connected with the Company or its connected persons
“Latest Valuation Price”	has the meaning ascribed to it under the section headed “Reasons For and Benefits of Entering into the Supplemental Agreements” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 announcement only, excluding Hong Kong, Macau and Taiwan
“Reference Annual Bank Interest Rates”	has the meaning ascribed to it under the section headed “Reasons For and Benefits of Entering into the Supplemental Agreements” in this announcement

“Remaining Car Parking Space Reserve Price”	has the meaning ascribed to it under the section headed “Reasons For and Benefits of Entering into the Supplemental Agreements” in this announcement
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement-1”	the supplemental agreement to the Car Parking Space Exclusive Sales Cooperation Agreement dated 23 December 2021 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)
“Supplemental Agreement-2”	the supplemental agreement to the Supplemental Agreement-1 dated 16 May 2022 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)
“Supplemental Agreements”	the Supplemental Agreement-1 and Supplemental Agreement-2
“Total Sale Amount”	has the meaning ascribed to it under the section headed “Reasons For and Benefits of Entering into the Supplemental Agreements” in this announcement
“Xinyuan Real Estate Group”	Xinyuan Real Estate Holdings and its subsidiaries, including the Group

“Xinyuan Real Estate Holdings”

Xinyuan Real Estate Co., Ltd. (鑫苑地產控股有限公司), a company incorporated with limited liability in the Cayman Islands on 26 March 2007, the shares of which are listed on the New York Stock Exchange (Stock Code: XIN), and a controlling shareholder of the Company

“%”

per cent.

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

Hong Kong, 16 May 2022

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