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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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)**

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS  
AND  
NOTICE OF THE EGM**

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



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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 5 to 22 of this circular. A letter of recommendation from the Independent Board Committee is set out on pages 23 to 24 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 25 to 60 of this circular. A notice convening the EGM to be held at Company Meeting Room, Hengtong Business Park, Beijing, the PRC on Tuesday, 31 December 2024 at 9:30 a.m. or any adjournment thereof is set out on pages EGM-1 to EGM-4 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 17/F, Far East Finance Centre, 16 Harcourt Road, 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 (i.e. not later than 9:30 a.m. on Sunday, 29 December 2024) or the adjourned meeting (as the case may be). 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.

References to time and dates in this circular are to Hong Kong time and dates.

15 December 2024

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## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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 New Framework Agreements and the transactions contemplated thereunder
“Existing Framework Agreements”	collectively, the Existing Property Management Services Framework Agreement, the Existing Pre-delivery and Consulting Services Framework Agreement, the Existing Value-added Services Framework Agreement and the Existing Property Engineering Services Framework Agreement
“Existing Pre-delivery and Consulting Services Framework Agreement”	the pre-delivery and consulting services framework agreement dated 8 November 2021 entered into between the Company and Xinyuan Real Estate in relation to the provision of pre-delivery and consulting services by the Group to the Xinyuan Real Estate Group
“Existing Property Engineering Services Framework Agreement”	the property engineering services framework agreement dated 8 November 2021 entered into between the Company and Xinyuan Real Estate in relation to the provision of property engineering services by the Group to the Xinyuan Real Estate Group

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## DEFINITIONS

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“Existing Property Management Services Framework Agreement”	the property management services framework agreement dated 8 November 2021 entered into between the Company and Xinyuan Real Estate in relation to the provision of property management services by the Group to the Xinyuan Real Estate Group
“Existing Value-added Services Framework Agreement”	the value-added services framework agreement dated 8 November 2021 entered into between the Company and Xinyuan Real Estate in relation to the provision of value-added services by the Group to the Xinyuan Real Estate Group
“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, established to provide advice to Independent Shareholders in respect of the New 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 New Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps)
“Independent Shareholders”	Shareholders of the Company, excluding Xinyuan Real Estate, Mr. Zhang Yong, Ms. Yang Yuyan and their respective associates
“Independent Third Party(ies)”	third party(ies) independent from and not connected with the Company or its connected persons

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## DEFINITIONS

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“Latest Practicable Date”	13 December 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“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 contained in Appendix C3 to the Listing Rules
“Mr. Li”	Mr. Li Yifan, an independent non-executive Director and an independent director of Xinyuan Real Estate
“New Framework Agreements”	collectively, the New Property Management Services Framework Agreement, the New Pre-delivery and Consulting Services Framework Agreement, the New Value-added Services Framework Agreement and the New Property Engineering Services Framework Agreement
“New Pre-delivery and Consulting Services Framework Agreement”	the pre-delivery and consulting services framework agreement dated 22 November 2024 entered into between the Company and Xinyuan Real Estate in relation to the provision of pre-delivery and consulting services by the Group to the Xinyuan Real Estate Group
“New Property Engineering Services Framework Agreement”	the property engineering services framework agreement dated 22 November 2024 entered into between the Company and Xinyuan Real Estate in relation to the provision of property engineering services by the Group to the Xinyuan Real Estate Group
“New Property Management Services Framework Agreement”	the property management services framework agreement dated 22 November 2024 entered into between the Company and Xinyuan Real Estate in relation to the provision of property management services by the Group to the Xinyuan Real Estate Group
“New Value-added Services Framework Agreement”	the value-added services framework agreement dated 22 November 2024 entered into between the Company and Xinyuan Real Estate in relation to the provision of value-added services by the Group to the Xinyuan Real Estate Group
“percentage ratios”	has the meaning ascribed to it under the Listing Rules

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## DEFINITIONS

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“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Services”	services to be provided by the Group to Xinyuan Real Estate Group and its associates pursuant to the New Framework Agreements
“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
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xinyuan Real Estate”	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, the shares of which are listed on the New York Stock Exchange (stock code: XIN), and a controlling shareholder of the Company
“Xinyuan Real Estate Group”	Xinyuan Real Estate and its subsidiaries from time to time, and which, for the purpose of the New Framework Agreements and the transactions contemplated thereunder, includes Xinyuan Real Estate’s associates from time to time but does not include the Group
“%”	per cent.

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. SHEN Yuan-Ching

*(Chairman and Chief Executive Officer)*

Mr. FENG Bo

Mr. WANG Yong *(Chief Financial Officer)*

*Non-executive Director:*

Mr. TIAN Wenzhi

*Independent Non-executive Directors:*

Mr. LAN Ye

Mr. LI Yifan

Mr. LING Chenkai

Ms. ZHAO Xia

*Registered Office:*

P.O. Box 309, Uglund House

Grand Cayman, KY1-1104

Cayman Islands

*Corporate Headquarter:*

Room 102, 1/F

Block B9, Universal Business Park

10 Jiuxianqiao Road

Chaoyang District

Beijing

PRC

*Principal Place of Business in*

*Hong Kong:*

Unit B, 17/F., United Centre

95 Queensway, Admiralty

Hong Kong

15 December 2024

*To the Shareholders*

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS  
AND  
NOTICE OF THE EGM**

**INTRODUCTION**

Reference is made to the announcement dated 22 November 2024 in relation to, among other things, the New Framework Agreements and the transactions contemplated thereunder.

The purpose of this circular is to provide you with, among other things, (i) details of the New 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.

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## LETTER FROM THE BOARD

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### RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is also made to announcement of the Company dated 9 November 2021 in relation to, among others, the Existing Framework Agreements. As the Existing Framework Agreements are due to expire on 31 December 2024, and the Group and the Xinyuan Real Estate Group intend to continue to enter into similar transactions from time to time thereafter, on 22 November 2024, the Company (for itself and on behalf of its subsidiaries) and Xinyuan Real Estate (for itself and on behalf of its subsidiaries and associates) entered into the New Framework Agreements in relation to the provision of the Services by the Group to Xinyuan Real Estate Group, the principal terms of which are set out below:

#### (1) The New Property Management Services Framework Agreement

Date:	22 November 2024
Parties:	(i) the Company (for itself and on behalf of its subsidiaries); and  (ii) Xinyuan Real Estate (for itself and on behalf of its subsidiaries and associates)
Term:	From 1 January 2025 until 31 December 2027. The New Framework Agreement shall be conditional upon the Independent Shareholders having approved the relevant ordinary resolution approving such New Framework Agreement at the EGM.
Services to be provided:	The Group will provide property management services, entrusted operations and related services in respect of (1) the residential property projects of the Xinyuan Real Estate Group (including developed properties, unsold property portions after delivery and sold property portions after delivery) and the respective display units, sales offices and community clubhouses and (2) commercial properties operated by the Xinyuan Real Estate Group, including but not limited to cleaning, landscaping, concierge, maintenance of public order, security services and other related value-added services (as described below) to the aforesaid venues according to the definitive management agreements to be entered into between the Xinyuan Real Estate Group and members of the Group from time to time.



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## LETTER FROM THE BOARD

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In respect of sold property portions after delivery, if the Xinyuan Real Estate Group offers 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 Xinyuan Real Estate Group to the Group on behalf of the property owners shall be deemed to be part of the property management services under the New Property Management Services Framework Agreement.

Payment: The credit term for the fee payable by the Xinyuan Real Estate Group in relation to the services under the New Property Management Services Framework Agreement is 180 days in general, in line with the credit term provided to Independent Third Parties.

### *Historical transaction amounts*

The historical transaction amounts regarding the Group's provision of property management services to the Xinyuan Real Estate Group under the Existing Property Management Services Framework Agreement for each of the two years ended 31 December 2023 and the ten months ended 31 October 2021 are as follows:

<b>For the year ended 31 December 2022</b> (audited)	<b>For the year ended 31 December 2023</b> (audited)	<b>For the ten months ended 31 October 2024</b> (unaudited)
RMB21,377,000	RMB12,655,000	RMB9,030,000

### *Proposed annual caps and basis of determination*

The proposed annual caps for fees payable by Xinyuan Real Estate Group to the Group under the New Property Management Services Framework Agreement for each of the three years ending 31 December 2027 are as follows:

<b>For the year ending 31 December 2025</b>	<b>For the year ended 31 December 2026</b>	<b>For the year ended 31 December 2027</b>
RMB20,000,000	RMB30,000,000	RMB45,000,000

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## LETTER FROM THE BOARD

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The Directors have considered the following factors in arriving at the above proposed annual caps:

- (i) the estimated 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, among other things, (a) the estimated increase in the total GFA of the properties expected to be developed and delivered by the Xinyuan Real Estate Group for the three years ending 31 December 2027 (the “**Expected Increase in GFA**”), and (b) the existing property management service contracts entered into with the Xinyuan Real Estate Group. Due to the outbreak of the COVID-19 pandemic and the downturn in the real estate industry in the past three years, the total GFA of properties actually developed and delivered by the Xinyuan Real Estate Group for the Group’s management for each of the three years ended 31 December 2023 were approximately 1 million sq. m., 0.5 million sq. m. and 1.34 million sq. m., respectively. According to the negotiations between the Group and the Xinyuan Real Estate Group, Xinyuan Real Estate Group’s existing development and launching plan and the Company’s estimation of the additional GFA of properties from new projects to be developed and delivered by the Xinyuan Real Estate Group, the Company expects that the total GFA developed and delivered by the Xinyuan Real Estate Group and under the Group’s management for each of the three years ending 31 December 2027 will amount to approximately 1.45 million sq. m, 2.05 million sq. m and 3 million sq. m, respectively;
- (ii) the historical property management fees charged by the Group and an estimated annual growth rate of 5% to cater for the potential upward adjustment on the service fees for the Group’s property management services attributable to inflation and the increase in labour costs;
- (iii) a buffer of 10% applied on the expected property management service fee to cater for the complimentary property management fees provided by the 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 Xinyuan Real Estate Group to the Group on behalf of the property owners. The Company noted that due to the current sluggish property market in the PRC, the delay in the delivery of the property projects and the relatively high unsold properties unit ratios of the Xinyuan Real Estate Group, the Xinyuan Real Estate Group has decided to provide more complimentary property management services for property owners as a compensation or a marketing strategy. Under the complimentary property management services arrangement, even if the properties have been delivered to the third party property owners who is typically responsible for property management fees from the date of delivery, depending on the actual circumstances, the Xinyuan Real Estate Group would still pay the property management fees for such properties for the first few months to even a year after the date of delivery, resulting in a

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## LETTER FROM THE BOARD

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higher transaction amount under the New Property Management Services Framework Agreement. As it is expected that the period of provision of such complimentary property management fees by the Xinyuan Real Estate Group and/or its associates, and the total amount of complimentary property management fees are likely to increase over the term of the New Property Management Services Framework Agreement, the Company considers the 10% buffer to be fair and reasonable;

- (iv) the historical transaction amount for the year ended 31 December 2023, the unaudited transaction amount for the ten months ended 31 October 2024 and the estimated revenue to be recognised by the Group in respect of the relevant services provided by the Group pursuant to existing contracts; and
- (v) in light of existing policies within the real estate industry, the development environment for the industry is expected to continue to improve over the next two to three years. The Company is optimistic about the recovery of the real estate market and the growth of new business volume during the period of development over the next two to three years.

### *Pricing policy*

The service fees to be charged for the Services under the New 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 various factors, including without limitation, (i) the nature, GFA and location of the project; (ii) the anticipated operational costs (including labour costs, material costs and administrative costs); (iii) the fees offered by the Group to other Independent Third Parties in respect of comparable services; (iv) the fees for similar services and similar type of projects in the market; and (v) pricing terms as recommended by the relevant government authorities (if any).

The Group will endeavour to ensure that the service fees charged for the Services under the New Property Management Services Framework Agreement are no less favourable to the Group than those charged to Independent Third Parties, by (i) comparing those fees against the top five highest fees charged to Independent Third Party customers for similar services (to the extent practicable); and (ii) ensuring that they are in line with the applicable regulatory requirements and government guidelines.

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## LETTER FROM THE BOARD

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

- Date: 22 November 2024
- Parties: (i) the Company (for itself and on behalf of its subsidiaries); and
- (ii) Xinyuan Real Estate (for itself and on behalf of its subsidiaries and associates)
- Term: From 1 January 2025 until 31 December 2027. The New Framework Agreement shall be conditional upon the Independent Shareholders having approved the relevant ordinary resolution approving such New Framework Agreement at the EGM.
- Services to be provided: The Group will provide to the Xinyuan Real Estate Group 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.
- Payment: The credit term for the fee payable by the Xinyuan Real Estate Group in relation to the services under the New Pre-delivery and Consulting Services Framework Agreement is 180 days in general, in line with the credit term provided to Independent Third Parties.

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## LETTER FROM THE BOARD

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### *Historical transaction amounts*

The historical transaction amounts of fees paid by Xinyuan Real Estate Group to the Group for the services contemplated under the Existing Pre-delivery and Consulting Services Framework Agreement for each of the two years ended 31 December 2023 and the ten months ended 31 October 2024 are as follows:

<b>For the year ended 31 December 2022</b> (audited)	<b>For the year ended 31 December 2023</b> (audited)	<b>For the ten months ended 31 October 2024</b> (unaudited)
RMB29,959,000	RMB13,318,000	RMB10,599,000

### *Proposed annual caps and basis of determination*

The proposed annual caps for fees payable by Xinyuan Real Estate Group and/or its associate to the Group and/or its associate under the New Pre-delivery and Consulting Services Framework Agreement for each of the three years ending 31 December 2027 are as follows:

<b>For the year ending 31 December 2025</b>	<b>For the year ended 31 December 2026</b>	<b>For the year ended 31 December 2027</b>
RMB15,000,000	RMB22,500,000	RMB33,750,000

During the year ended 31 December 2023, the Group provided the sales assistance services and the early stage involvement services to 2 and 4 properties developed by the Xinyuan Real Estate Group, respectively. With reference to the existing contracts, and the internal development and sales plan of the Xinyuan Real Estate Group, the Group expects to provide the sales assistance services and the early stage involvement services to 15 and 18 properties respectively for the three years ending 31 December 2027.

The Directors have considered the following factors in arriving at the above proposed annual caps:

- (i) the historical transaction amounts for the year ended 31 December 2023 and the unaudited transaction amount for the ten months ended 31 October 2024;
- (ii) the estimated revenue to be recognised in relation to the pre-delivery and consulting services provided by the Group pursuant to existing contracts;

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## LETTER FROM THE BOARD

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- (iii) the estimated pre-delivery and consulting services fees payable by the Xinyuan Real Estate Group are determined based on the Expected Increase in GFA (details of which are set out in item (i) of the section headed “(1) *The New Property Management Services Framework Agreement – Proposed annual caps and basis of determination*” above) with reference to, among other things, the historical amounts the development plan, existing land reserve and estimated pre-sale schedule of the Xinyuan Real Estate Group;
- (iv) in respect of sales assistance services, the Group’s anticipated increase in the demand of the 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 Xinyuan Real Estate Group;
- (v) in respect of early stage involvement services, the Group’s estimation of the contracted GFA to be developed by the Xinyuan Real Estate Group for the three years ending 31 December 2027, based on the development plan of the Xinyuan Real Estate Group with reference to its existing land reserve;
- (vi) 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 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 2027; and (b) the outlook of real estate industry in the PRC for the next three years; and
- (vii) the respective historical services fees charged by the Group and an annual growth rate of 5% to 8% to cater for the potential upward adjustment on the service fees for the Group’s value-added services attributable to inflation and the increase in labour costs.

### ***Pricing policy***

The fees to be charged for the pre-delivery and consulting services shall be determined as follows:

- (i) Sales assistance service fees and early stage involvement services fees are determined after arm’s length negotiations taking into account various factors, including without limitation, (1) the nature, GFA and location of the project; (2) the anticipated operational costs (including labour costs, administrative costs and material costs); (3) the fees offered by the Group to other Independent Third Parties in respect of comparable services; (4) the fees for similar services and similar type of projects in the market; and (5) pricing terms as recommended by the relevant government authorities (if any).

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## LETTER FROM THE BOARD

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- (ii) 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 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, administrative costs and material costs) and the type of the subject property. The service fees shall be charged mainly based on the total GFA of properties and the service fee per square meter, which shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable) or lower than the standard fees to be charged from Independent Third Parties.

The Group will endeavour to ensure that the service fees charged for the Services under the New Pre-delivery and Consulting Services Framework Agreement are no less favourable to the Group than those charged to Independent Third Parties, by (i) comparing those fees against the top five highest fees charged to Independent Third Party customers for similar services (to the extent practicable); and (ii) ensuring that they are in line with the applicable regulatory requirements and government guidelines.

### **(3) The New Value-added Services Framework Agreement**

Date:	22 November 2024
Parties:	(i) the Company (for itself and on behalf of its subsidiaries); and  (ii) Xinyuan Real Estate (for itself and on behalf of its subsidiaries and associates)
Term:	From 1 January 2025 until 31 December 2027. The New Framework Agreement shall be conditional upon the Independent Shareholders having approved the relevant ordinary resolution approving such New Framework Agreement at the EGM.
Services to be provided:	The Group shall provide to the Xinyuan Real Estate Group 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, digital technical support service and other value-added and support services.

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## LETTER FROM THE BOARD

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Payment: The credit term for the fee payable by the Xinyuan Real Estate Group in relation to the services under the New Value-added Services Framework Agreement is 180 days in general, in line with the credit term provided to Independent Third Parties.

### *Historical transaction amounts*

The historical transaction amounts of fees paid by Xinyuan Real Estate Group to the Group under the Existing Value-added Services Framework Agreement for each of the two years ended 31 December 2023 and the ten months ended 31 October 2024 are as follows:

<b>For the year ended 31 December 2022</b> (audited)	<b>For the year ended 31 December 2023</b> (audited)	<b>For the ten months ended 31 October 2024</b> (unaudited)
RMB6,097,000	RMB5,374,000	RMB6,010,000

### *Proposed annual caps and basis of determination*

The proposed annual caps for fees payable by Xinyuan Real Estate Group and/or its associate to the Group and/or its associate under the New Value-added Services Framework Agreement for each of the three years ending 31 December 2027 are as follows:

<b>For the year ending 31 December 2025</b>	<b>For the year ended 31 December 2026</b>	<b>For the year ended 31 December 2027</b>
RMB10,000,000	RMB15,000,000	RMB22,500,000

As the business lines of the Group are inter-related and complementary, the 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 Xinyuan Real Estate Group for the 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 Xinyuan Real Estate Group would then be managed by the Group, as result of which it is also expedient for the 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 Xinyuan Real Estate Group for the three years ending 31 December 2027 would also increase the Xinyuan Real Estate Group's demand for the Group's value-added services.



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## LETTER FROM THE BOARD

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The Directors have considered the following factors in arriving at the above proposed annual caps:

- (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 Xinyuan Real Estate Group;
- (ii) the Group's anticipated increase in the demand of the Xinyuan Real Estate Group for the value-added services as a result of (a) the Expected Increase in GFA (details of which are set out in item (i) of the section headed "*(1) The New Property Management Services Framework Agreement - Proposed annual caps and basis of determination*" above), based on the internal development and sales plan of the Xinyuan Real Estate Group with reference to, among other things, its existing land reserve; and (b) the increase in the scale of the Group's value-added services. Given the immense needs of the 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 capacity, and intend to provide such services to all the properties which are expected to be delivered by the Xinyuan Real Estate Group during the three years ending 31 December 2027 as per its internal development and sales plan; and
- (iii) the respective historical services fees charged by the Group and an annual growth rate of 5% to 8% to cater for the potential upward adjustment on the service fees for the Group's value-added services attributable to inflation and the increase in labour costs.

### ***Pricing policy***

The fees to be charged for the value-added services shall be determined after arm's length negotiations taking into account various factors, including without limitation, (i) the nature, GFA and location of the project; (ii) the anticipated operational costs (including labour costs, material costs and administrative costs); (iii) the fees offered by the Group to other Independent Third Parties in respect of comparable services; (iv) the fees for similar services and similar type of projects in the market; and (v) pricing terms as recommended by the relevant government authorities (if any).

The Group will endeavour to ensure that the service fees charged for the value-added services are no less favourable to the Group than those charged to Independent Third Parties, by (i) comparing those fees against the top five highest fees charged to Independent Third Party customers for similar services (to the extent practicable); and (ii) ensuring that they are in line with the applicable regulatory requirements and government guidelines.

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## LETTER FROM THE BOARD

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### (4) The New Property Engineering Services Framework Agreement

- Date: 22 November 2024
- Parties: (i) the Company (for itself and on behalf of its subsidiaries); and
- (ii) Xinyuan Real Estate (for itself and on behalf of its subsidiaries and associates)
- Term: From 1 January 2025 until 31 December 2027. The New Framework Agreement shall be conditional upon the Independent Shareholders having approved the relevant ordinary resolution approving such New Framework Agreement at the EGM.
- Services to be provided: The Group shall provide to the Xinyuan Real Estate Group 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.
- Payment: The credit term for the fee payable by the Xinyuan Real Estate Group in relation to the services under the New Property Engineering Services Framework Agreement is 180 days in general, in line with the credit term provided to Independent Third Parties.

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## LETTER FROM THE BOARD

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### *Historical transaction amounts*

The historical transaction amounts of fees paid by Xinyuan Real Estate Group to the Group for the services contemplated under the Existing Property Engineering Services Framework Agreement for each of the two years ended 31 December 2023 and the ten months ended 31 October 2024 are as follows:

<b>For the year ended 31 December 2022</b> (audited)	<b>For the year ended 31 December 2023</b> (audited)	<b>For the ten months ended 31 October 2024</b> (unaudited)
RMB21,792,000	RMB49,830,000	RMB43,140,000

### *Proposed annual caps and basis of determination*

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

<b>For the year ending 31 December 2025</b>	<b>For the year ended 31 December 2026</b>	<b>For the year ended 31 December 2027</b>
RMB60,000,000	RMB72,000,000	RMB86,400,000

The Directors have considered the following factors in arriving at the above proposed annual caps:

- (i) the anticipated demand for such services of the Xinyuan Real Estate Group with reference to its development plan for the three years ending 31 December 2027 and based on the Group's discussion with the Xinyuan Real Estate Group during the negotiations of the terms of the New 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 2027, 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 Expected Increase in GFA (details of which are set out in item (i) of the section headed "(1) The New Property Management Services Framework Agreement - Proposed annual caps and basis of determination" above) and the

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## LETTER FROM THE BOARD

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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;

- (iv) with reference to the existing contracts, and the internal development and sales plan of the Xinyuan Real Estate Group, the Group expects to provide the property engineering services to at least 49 new properties for the three years ending 31 December 2027 (the existing development projects of the Xinyuan Real Estate Group, excluding any future new development projects of the Xinyuan Real Estate Group); and
- (v) the historical transaction amounts for the services contemplated under the Existing Property Engineering Services Framework Agreement and an estimated annual growth rate of 20% (which is lower than the compound annual growth rate from 2022 to 2024 of 54.1% based on annualized figures for 2024).

### *Pricing policy*

The fees to be charged for the property engineering services is determined after arm's length negotiations taking into account various factors, including without limitation, (i) the scope of services under each of such contracts, (ii) the anticipated operational costs (including labour costs and material costs and obtaining quotations from equipment manufacturers to determine the construction budget); and (iii) the fees offered by the Group to other Independent Third Parties in respect of comparable services; (iv) the fees for similar services and similar type of projects in the market; and (v) pricing terms as recommended by the relevant government authorities (if any).

The Group will endeavour to ensure that the service fees charged for the property engineering services are no less favourable to the Group than those charged to Independent Third Parties, by (i) comparing those fees against the top five highest fees charged to Independent Third Party customers for similar services (to the extent practicable); and (ii) ensuring that they are in line with the applicable regulatory requirements and government guidelines.

### **REASONS FOR AND BENEFITS OF THE NEW FRAMEWORK AGREEMENTS**

Property management services business, pre-delivery and consulting services business, value-added services business and property engineering services business are the key operating segments of the Group. The Group has been providing the Services to the Xinyuan Real Estate Group for years in the ordinary and usual course of business of the Group. As the Existing Framework Agreements will expire on 31 December 2024, the New Framework Agreements were entered into so as to enable the Group to continue to provide the Services to the Xinyuan Real Estate Group with a view to generating stable income stream to the Group, which could further promote the business growth of the Group.

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## LETTER FROM THE BOARD

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The Directors (including the independent non-executive Directors after taking into account the advice of the Independent Financial Adviser; but excluding Mr. Li) are of the view that the terms of the New 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.

### INFORMATION OF THE COMPANY

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 four main business lines, namely, (i) property management services; (ii) value-added services; (iii) pre-delivery and consulting services; and (iv) commercial operation services.

As at the Latest Practicable Date, Xinyuan Real Estate is indirectly interested in approximately 43.07% of the total number of issued Shares in the Company, and is one of the Controlling Shareholders of the Company.

### INFORMATION OF XINYUAN REAL ESTATE

Xinyuan Real Estate is a company incorporated with limited liability in the Cayman Islands and the shares of which are listed on the New York Stock Exchange (stock code: XIN). It is principally engaged in real estate development and currently operates in 17 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).

### INTERNAL CONTROL

To ensure the continuing connected transactions will be conducted in accordance with the terms of the New Framework Agreement, the Group has adopted the following internal control measures:

- (i) the finance department of the Group will monitor each transaction conducted under the New Framework Agreements, and report monitoring data to the compliance department designated by the Company on a monthly basis. The compliance department will review such monthly reports and monitor the total transaction amount under the New Framework Agreements to ensure that the annual caps will not be exceeded;

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## LETTER FROM THE BOARD

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- (ii) the implementation of each contract entered into pursuant to the New 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 New Framework Agreements;
- (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 New Framework Agreements; and
- (iv) the Board (including the independent non-executive Directors) will continue to review the quarterly monitoring reports on the transactions conducted under the New 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 is the controlling shareholder of the Company indirectly holding approximately 43.07% of the total number of issued Shares in the Company. Therefore, Xinyuan Real Estate is a connected person of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the New Framework Agreements constitute connected transactions of the Company.

As the highest applicable percentage ratio in respect of each of the New Framework Agreements exceeds 5%, each of the New Framework Agreements and the transactions contemplated thereunder are subject to the annual reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since Mr. Li, an independent non-executive Director, is also a director of Xinyuan Real Estate, he has abstained from voting on the resolutions approving the New Framework Agreements and the transactions contemplated thereunder at the relevant Board meeting. Save as disclosed above, none of the other Directors had any material interest in the New Framework Agreements and the transactions contemplated thereunder and no other Director was required to abstain from voting on the relevant Board resolutions.

### GENERAL

A notice convening the EGM to be held at Company Meeting Room, Hengtong Business Park, Beijing, the PRC on 31 December 2024 at 9:30 a.m. is set out on pages EGM-1 to EGM-4 of this circular for the purpose of the Independent Shareholders considering and, if thought fit, approving, among other things, the New Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps).

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## LETTER FROM THE BOARD

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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's wholly-owned subsidiary, Xinyuan Real Estate, Ltd. directly and beneficially held 255,402,000 Shares, representing approximately 43.07% of the total number of issued Shares in the Company; (ii) Victory Destiny Holdings Limited (a company wholly owned by Mr. Zhang Yong, a shareholder, a director and the chairman of Xinyuan Real Estate) directly and beneficially held 11,740,000 Shares, representing approximately 1.98% of the total number of issued Shares in the Company; and (iii) Grace Hope Holdings Limited (a company wholly owned by Ms. Yang Yuyan, a shareholder and a director of Xinyuan Real Estate) directly and beneficially held 15,000,000 Shares, representing approximately 2.53% of the total number of issued Shares in the Company. The aforesaid persons will be required to abstain from voting in respect of the resolutions to approve the New 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 New Framework Agreements and the transactions contemplated thereunder, and no other Shareholder was required to abstain from voting in respect of the New Framework Agreements and the transactions contemplated thereunder at the EGM.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.xypm.hk>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, 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 at the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 9:30 a.m. on Sunday, 29 December 2024) or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

The record date for determining the entitlement of the Shareholders to attend and vote at the EGM will be Monday, 30 December 2024. Shareholders whose names appear on the register of the Shareholders of the Company on 30 December 2024 will be entitled to attend and vote at the EGM.

### RECOMMENDATION

The Directors (including the independent non-executive Directors after taking into account the advice of the Independent Financial Adviser but excluding Mr. Li) consider that the terms of the New Framework Agreements are fair and reasonable, and the transactions contemplated

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## LETTER FROM THE BOARD

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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 Board recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM.

Your attention is also drawn to the letters from the Independent Board Committee and the Independent Financial Adviser and their respective recommendations set out on pages 23 to 24 and pages 25 to 60 of this circular, respectively.

### **ADDITIONAL INFORMATION**

Your attention is also drawn to the appendix to this circular.

Yours faithfully

By Order of the Board

**Xinyuan Property Management Service (Cayman) Ltd.**

**SHEN Yuan-Ching**

*Chairman, 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)**

15 December 2024

*To the Independent Shareholders*

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular dated 15 December 2024 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 New 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 New Framework Agreements and the transactions contemplated thereunder.

We wish to draw your attention to the letter from the Board set out on pages 5 to 22 of the Circular and the letter from the Independent Financial Adviser set out on pages 25 to 60 of the Circular, both of which provide details of the New Framework Agreements and the transactions contemplated thereunder.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered, among other matters, the New 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 New 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, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in relation to the New 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. LAN Ye**  
*Independent Non-executive  
Director*

**Mr. LING Chenkai**  
*Independent Non-executive  
Director*

**Ms. ZHAO Xia**  
*Independent Non-executive  
Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*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 incorporation of this circular.*



15 December 2024

*To the Independent Board Committee and the Independent Shareholders*

Xinyuan Property Management Service (Cayman) Ltd.  
Unit B, 17/F., United Centre  
95 Queensway, Admiralty  
Hong Kong

Dear Sir or Madam,

### RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under (i) the New Property Management Services Framework Agreement; (ii) the New Pre-delivery and Consulting Services Framework Agreement; (iii) the New Value-added Services Framework Agreement; and (iv) the New Property Engineering Services Framework Agreement (collectively, the New Framework Agreements, including the proposed annual caps thereunder (the “**Proposed Annual Caps**”), for which the Independent Shareholders’ approval is being sought (altogether, the “**Transactions**”). Details of the Transactions are set out in the circular issued by the Company to the Shareholders dated 15 December 2024 (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.

On 9 November 2021, the Company entered into (i) the Existing Property Management Services Framework Agreement, pursuant to which the Group agreed to provide property management services to the Xinyuan Real Estate Group; (ii) the Existing Pre-delivery and Consulting Services Framework Agreement pursuant to which the Group agreed to provide pre-delivery and consulting services to the Xinyuan Real Estate Group; (iii) the Existing Value-added Services Framework Agreement, pursuant to which the Group agreed to provide value-added services to the Xinyuan Real Estate Group; and (iv) the Existing Property Engineering Services Framework Agreement, pursuant to which the Group agreed to provide property engineering services to the Xinyuan Real Estate Group, for a term of three years from 1 January 2022 to 31 December 2024. With a view to continue the transaction contemplated under

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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the Existing Framework Agreements, on 22 November 2024, the Company entered into the New Framework Agreements to renew the term for the three years from 1 January 2025 to 31 December 2027.

As at the Latest Practicable Date, Xinyuan Real Estate is the controlling shareholder of the Company indirectly holding approximately 43.07% of the total number of issued Shares in the Company. Therefore, Xinyuan Real Estate is a connected person of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the New Framework Agreements constitute connected transactions of the Company.

As the highest applicable percentage ratio in respect of each of the New Framework Agreements exceeds 5%, each of the New Framework Agreements and the transactions contemplated thereunder are subject to the annual reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, (i) Xinyuan Real Estate's wholly-owned subsidiary, Xinyuan Real Estate, Ltd. directly and beneficially held 255,402,000 Shares, representing approximately 43.07% of the total number of issued Shares in the Company; (ii) Victory Destiny Holdings Limited (a company wholly owned by Mr. Zhang Yong, a shareholder, a director and the chairman of Xinyuan Real Estate) directly and beneficially held 11,740,000 Shares, representing approximately 1.98% of the total number of issued Shares in the Company; and (iii) Grace Hope Holdings Limited (a company wholly owned by Ms. Yang Yuyan, a shareholder and a director of Xinyuan Real Estate) directly and beneficially held 15,000,000 Shares, representing approximately 2.53% of the total number of issued Shares in the Company. The aforesaid persons will be required to abstain from voting in respect of the resolutions to approve the New 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 New Framework Agreements and the transactions contemplated thereunder, and no other Shareholder was required to abstain from voting in respect of the New Framework Agreements and the transactions contemplated thereunder at the EGM.

Since Mr. Li, an independent non-executive Director, is also a director of Xinyuan Real Estate, he has abstained from voting on the resolutions approving the New Framework Agreements and the transactions contemplated thereunder at the relevant Board meeting. The Independent Board Committee, comprising all the independent non-executive Directors except Mr. Li, namely Mr. Lan Ye, Mr. Ling Chenkai and Ms. Zhao Xia, has been formed to advise the Independent Shareholders on (i) whether the entering into of the New Framework Agreements are conducted in the ordinary and usual course of the Group; and (ii) whether the terms of the New Framework Agreements (including the Proposed Annual Caps) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and as to voting. We, Rainbow Capital (HK) Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at the Latest Practicable Date, we did not have any relationships or interests with the Group and Xinyuan Real Estate 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 of the Company in respect of the continuing connected transactions in relation to (i) the commercial assets entrusted operation framework agreement and the asset sales agency and operation services framework agreement, details of which are set out in the circular of the Company dated 22 July 2024; and (ii) the sky cinema lease services agreement, details of which are set out in the announcement of the Company dated 30 August 2024. Other than that, there was no engagement or connection between the Group, or Xinyuan Real Estate 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 other arrangements exist whereby we had received any fees or benefits from the Group or any other party to the New Framework Agreements. Accordingly, we are independent from the Company pursuant to the requirement under Rule 13.84 of the Listing Rules and therefore we are qualified to give independent advice in respect of the New Framework Agreements (including the Proposed Annual Caps).

### **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 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 New 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 the 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, pre-delivery and consulting services and property engineering services to property developers, property owners and property occupants. Over the years, the Group manages both residential and non-residential properties, which include management spans office, commercial complexes, industrial parks, business parks, schools and public buildings 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 2023. 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. With reference to the interim report of the Company (the "**2024 Interim Report**") for the six months ended 30 June 2024 ("**6M2024**"), as at 30 June 2024, the Group provided property management services and value-added services in 64 cities across China, with contracted gross floor area ("**GFA**") amounting to approximately 60.9 million sq.m. from a total of 342 contracted properties and GFA under management amounting to approximately 35.7 million sq.m. from a total of 240 properties under management.

In the first half of 2024, the Group continued to focus its efforts on driving growth through three key areas: the scale expansion of management services, the ecological development of scenario services, and the value enhancement of scenario technology. Guided by scale expansion, driven by business innovation, and powered by technological integration, the Group achieved steady growth during the first half of the year. For 6M2024, the Group recorded revenue of approximately RMB405.4 million and profit attributable to the Shareholders of approximately RMB50.9 million respectively, representing an increase of approximately 21.1% and 24.9% as compared with the corresponding period in 2023, respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In the future, the Group will continue to focus on the property management sector, with data-driven operations enabling the deep integration of technology and business. The use of digital twins will create new scenarios for digitally empowered properties. The Group's goal remains to drive growth and to upgrade through three key areas: management services, scenario services and scenario technology. The Group will enhance the features it has developed to achieve sustained growth in both operational efficiency and business scale.

### *1.2 The Xinyuan Real Estate Group*

Xinyuan Real Estate is a company incorporated with limited liability in the Cayman Islands and the shares of which are listed on the New York Stock Exchange (stock code: XIN). It is principally engaged in real estate development and currently operates in 17 cities over the PRC. The 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, the Xinyuan Real Estate Group has also developed several shopping malls in the PRC. In addition to the PRC market, the 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).

## **2. The New Framework Agreements**

### *2.1 The New Property Management Services Framework Agreement*

#### *(i) Background and reasons*

Property management services business is the largest operating segment of the Group and its revenue accounted for approximately 68.7% of the Group's total revenue for 6M2024. It has been the Group's intention to continue to expand its portfolio of GFA under management in the PRC. The Group has been providing property management services to the Xinyuan Real Estate Group for years and the provision of which is in the ordinary course of business of the Group. On 9 November 2021, the Company entered into the Existing Property Management Services Framework Agreement, pursuant to which the Group agreed to provide property management services to the Xinyuan Real Estate Group for a term of three years from 1 January 2022 to 31 December 2024.

As the Existing Property Management Services Framework Agreement will expire on 31 December 2024, with a view to facilitate the continuous provision of such property management services to the Xinyuan Real Estate Group, on 22 November 2024, the Company entered into the New Property Management Services Framework Agreement with Xinyuan Real Estate to renew the term for a further three years from 1 January 2025 to 31 December 2027. The entering into

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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of the New Property Management Services Framework Agreement could generate stable income stream to the Group, which could further promote the business growth of the Group.

Based on the above, we concur with the Directors that the entering into of the New Property Management Services Framework Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

*(ii) Principal terms*

Details of the terms of the New Property Management Services Framework Agreement are set out in the Letter from the Board, which are summarised as follows:

<b>Date</b>	:	22 November 2024
<b>Parties</b>	:	The Company (for itself and on behalf of its subsidiaries); and  Xinyuan Real Estate (for itself and on behalf of its subsidiaries and associates)
<b>Term</b>	:	From 1 January 2025 until 31 December 2027. The New Framework Agreement shall be conditional upon the Independent Shareholders having approved the relevant ordinary resolution approving such New Framework Agreement at the EGM.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**Services to be provided** : The Group will provide property management services, entrusted operations and related services in respect of (a) the residential property projects of the Xinyuan Real Estate Group (including developed properties, unsold property portions after delivery and sold property portions after delivery) and the respective display units, sales offices and community clubhouses and (b) commercial properties operated by the Xinyuan Real Estate Group, including but not limited to cleaning, landscaping, concierge, maintenance of public order, security services and other related value-added services (as described below) to the aforesaid venues according to the definitive management agreements to be entered into between the Xinyuan Real Estate Group and members of the Group from time to time.

In respect of sold property portions after delivery, if the Xinyuan Real Estate Group offers 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 Xinyuan Real Estate Group to the Group on behalf of the property owners shall be deemed to be part of the property management services under the New Property Management Services Framework Agreement.

**Pricing policy** : The service fees to be charged for the Services under the New 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 various factors, including without limitation, (a) the nature, GFA and location of the project; (b) the anticipated operational costs (including labour costs, material costs and administrative costs); (c) the fees offered by the Group to other Independent Third Parties in respect of comparable services; (d) the fees for similar services and similar type of projects in the market; and (e) pricing terms as recommended by the relevant government authorities (if any).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group will endeavour to ensure that the service fees charged for the Services under the New Property Management Services Framework Agreement are no less favourable to the Group than those charged to Independent Third Parties, by (a) comparing those fees against the top five highest fees charged to Independent Third Party customers for similar services (to the extent practicable); and (b) ensuring that they are in line with the applicable regulatory requirements and government guidelines.

In assessing whether the terms of the New Property Management Services Framework Agreement are fair and reasonable, we have selected on a random basis and obtained and reviewed 30 samples of property management services contracts between the Group and (a) the Xinyuan Real Estate Group; or (b) the Independent Third Parties during the period from 2022 to 2024. Based on our review, we noted that (a) the Group has set a similar pricing basis to each project with the Xinyuan Real Estate Group and the Independent Third Parties; and (b) the terms of the property management services contracts with the Xinyuan Real Estate Group were no more favourable than those with the Independent Third Parties. Taking into account (a) the similarity of services covered under the aforesaid sample contracts, all being providing property management services; (b) the sample contracts were effective under the period of the Existing Property Management Services Framework Agreement; and (c) a total of 30 sample contracts were selected, obtained and reviewed, we are of the view that the aforesaid samples we have reviewed are adequate and representative.

In addition, we have compared the terms of the New Property Management Services Framework Agreement with those of the Existing Property Management Services Framework Agreement and noted that except for the term, other principal terms of the Existing Property Management Services Framework Agreement and the New Property Management Services Framework Agreement generally remain the same. As such, we consider the terms of the Existing Property Management Services Framework Agreement are on normal commercial terms which are fair and reasonable. Please refer to the section headed “3. Internal control policies of the Group” below for our analyses of further safeguards imposed by the Group.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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(iii) *Assessment of the proposed annual caps*

**Review of historical figures**

Set out below are the historical annual caps and actual transaction amounts regarding the Group’s provision of property management services to the Xinyuan Real Estate Group under the Existing Property Management Services Framework Agreement for the periods indicated:

	<b>For the year ended 31 December 2022 RMB (audited)</b>	<b>For the year ended 31 December 2023 RMB (audited)</b>	<b>For the ten months ended 31 October 2024 RMB (unaudited)</b>
Annual caps	48,677,000	63,872,000	85,222,000 (for the year ending 31 December 2024)
Actual transaction amounts	21,377,000	12,655,000	9,030,000
Utilisation rate	43.9%	19.8%	10.6%

As shown in the table above, the actual transaction amounts regarding the Group’s provision of property management services to the Xinyuan Real Estate Group under the Existing Property Management Services Framework Agreement amounted to approximately RMB21.4 million, RMB12.7 million and RMB9.0 million for the two years ended 31 December 2023 (“**FY2022**” and “**FY2023**”, respectively) and the ten months ended 31 October 2024 (“**10M2024**”), respectively, representing approximately 43.9%, 19.8% and 10.6% of the total annual caps in 2022, 2023 and 2024, respectively. As advised by the management of the Group, such low utilisation rates in 2022, 2023 and 2024 were primarily attributable to the downturn in the Chinese real estate industry and the decrease in the delivery of new houses and property sale of the Xinyuan Real Estate Group, resulting in a weak demand for the Group’s property management services. In particular, due to the macro factors and uncertainties in the property development market, the Xinyuan Real Estate Group had deferred its development plan and launching plan since year 2022 in response to the uncertain market conditions in the real estate market in the PRC.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### Assessment of the proposed annual caps

The proposed annual caps for fees payable by the Xinyuan Real Estate Group to the Group under the New Property Management Services Framework Agreement for each of the three years ending 31 December 2027 are as follows:

	<b>For the year ending 31 December</b>		
	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Proposed annual caps	20,000,000	30,000,000	45,000,000

In assessing the reasonableness of the proposed annual caps of the Group's provision of property management services to the Xinyuan Real Estate Group under the New Property Management Services Framework Agreement, we have discussed with the management of the Group the basis and assumptions underlying the projections. In determining the proposed annual caps for the three years ending 31 December 2027, the Directors have taken into account, among other things, (a) the estimated GFA of unsold properties units (including residential properties, commercial properties and car parking spaces) which will procure property management services from the Group; (b) the historical property management fees charged by the Group and an estimated annual growth rate of 5% to cater for the potential upward adjustment on the service fees for the Group's property management services attributable to inflation and the increase in labour costs; (c) a buffer of 10% applied on the expected property management service fee to cater for the complimentary property management fees provided by the Xinyuan Real Estate Group to the property owners in respect of sold property units after delivery under the property sales arrangement and thus borne and paid by the Xinyuan Real Estate Group to the Group on behalf of the property owners; (d) the historical transaction amount for FY2023 and 10M2024 and the estimated revenue to be recognised by the Group in respect of the relevant services provided by the Group pursuant to existing contracts; and (e) in light of existing policies within the real estate industry, the development environment for the industry is expected to continue to improve over the next two to three years. The Company is optimistic about the recovery of the real estate market and the growth of new business volume during the period of development over the next two to three years.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the relevant calculations. As advised by the management of the Group, the estimated property management services fees payable by the

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Xinyuan Real Estate Group are determined based on the existing and estimated GFA of the properties expected to be developed and delivered by the Xinyuan Real Estate Group for the three years ending 31 December 2027 with reference to the historical amounts and the annual development and launching plan of the Xinyuan Real Estate Group, which have been confirmed and agreed by the Xinyuan Real Estate Group. Based on the above, the proposed annual caps are then arrived at by adopting the estimated total GFA of the unsold property units according to the existing and estimated increase in the total GFA of properties delivered or to be developed and delivered by the Xinyuan Real Estate Group under the Group's management for the three years ending 31 December 2027 and multiplied by the estimated services fees at which property management services will be charged per sq.m. as well as a buffer of 10% on top of it.

Based on our review of the projection, the existing GFA of the properties delivered by the Xinyuan Real Estate Group under the Group's management amounted to approximately 16.5 million sq.m. as at the Latest Practicable Date (the "**Existing GFA of the Properties**"), representing an increase of approximately 1.9% as compared to that as at 30 June 2024 as disclosed in the 2024 Interim Report. In addition to the Existing GFA of the Properties, the additional GFA of the properties expected to be developed and delivered by the Xinyuan Real Estate Group are projected with reference to its historical amounts, the development plan and existing land reserve of the Xinyuan Real Estate Group. Due to the outbreak of the COVID-19 pandemic and the downturn in the real estate industry in the past three years, the total GFA of properties actually developed and delivered by the Xinyuan Real Estate Group under the Group's management amounted to approximately 1 million sq.m, 0.5 million sq.m. and 1.3 million sq.m. for the three years ended 31 December 2023, respectively. According to the negotiations between the Group and the Xinyuan Real Estate Group as well as the existing development and launching plan of the Xinyuan Real Estate Group, it is intended that the Group will be contracted to manage 26 properties which are under development by the Xinyuan Real Estate Group, comprising a GFA of approximately 5.7 million sq.m. in the coming three years. In this regard, we have obtained and reviewed the breakdown of the aforesaid 26 properties and noted that the total contracted GFA of the aforesaid 26 properties amounted to approximately 6.9 million sq.m., among which as at the Latest Practicable Date, approximately 1.2 million sq.m. have been delivered by the Xinyuan Real Estate Group and approximately 5.7 million sq.m. are under development and expected to be delivered by the Xinyuan Real Estate Group in the coming years. Out of these 26 properties, we have obtained and reviewed 19 samples of property management services contracts entered into between the Group and the Xinyuan Real Estate Group and noted that the information disclosed in the breakdown is consistent with those stipulated under the duly signed contracts.

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Furthermore, based on historical figures and the usual development cycle of less than three years for the Xinyuan Real Estate Group, in addition to the properties that are currently under development by the Xinyuan Real Estate Group, the Company expects that additional GFA of properties of no less than 0.8 million sq.m. will be newly initiated, developed and delivered by the Xinyuan Real Estate Group for the three years ending 31 December 2027. In this regard, we have reviewed the annual report of the Xinyuan Real Estate Group for FY2023 and noted that as at 31 December 2023, the Xinyuan Real Estate Group had initiated 6 projects of approximately 1.3 million sq.m. under planning in the PRC. As such, we concur with the management of the Group on the aggregated GFA of properties to be delivered by the Xinyuan Real Estate Group for the Group's management of approximately 6.5 million sq.m. for the three years ending 31 December 2027. As advised by the management of the Group, based on the annual development and launching plan of the Xinyuan Real Estate Group, the additional GFA of properties to be delivered by the Xinyuan Real Estate Group for the Group's management amounted to approximately 1.45 million sq.m., 2.05 million sq.m. and 3.0 million sq.m. (the "**Additional GFA of the Properties**"). The total GFA developed and delivered by the Xinyuan Real Estate Group under the Group's management will then be the Existing GFA of the Properties adding the Additional GFA of the Properties for each year. The estimated unsold property unit ratio, which is calculated by dividing the total GFA of unsold property units by the total GFA expected to be delivered by the Xinyuan Real Estate Group and under the Group's management, is generally in line with its historical amounts. The estimated total GFA of the unsold property units is calculated as the total GFA developed and delivered by the Xinyuan Real Estate Group under the Group's management multiplied by the estimated unsold property unit ratio. We concurred with the management of the Group on such basis of the projection.

In respect of the estimated property management services fees for the three years ending 31 December 2027, we understood from the management of the Group that they are projected with reference to the historical property management fees charged by the Group and an annual growth rate of 5%. As discussed in the sub-section headed "(ii) Principal terms" above, we have obtained and reviewed the historical samples of property management services contracts between the Group and (a) the Xinyuan Real Estate Group; or (b) the Independent Third Parties during the period from 2022 to 2024. Based on our review, we noted that the estimated property management services fees as adopted for the coming three years are generally in line with the historical property management fees charged by the Group. According to the National Bureau of Statistics of the PRC, the Chinese household disposable income per capita has increased from approximately RMB28,228 in 2018 to approximately RMB39,218 in 2023,

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representing a compound annual growth rate (“CAGR”) of approximately 6.8% during the period. Taking into account that the potential upward adjustments on the service fees for the Group’s property management services attributable to inflation and the increase in labour costs, we consider it is fair and reasonable to adopt a growth rate of 5% per annum in projecting the property management services fees in the coming three years. Based on the above, we consider the estimated property management services fees to be fair and reasonable.

A buffer of 10% is applied on the estimated property management services fees payable the Xinyuan Real Estate Group to cater for any complimentary property management fees to be borne and paid by the Xinyuan Real Estate Group on behalf of the property owners to the Group. As advised by the management of the Group, due to the current sluggish property market in the PRC, the delay in the delivery of the property projects and the relatively high unsold properties unit ratios of the Xinyuan Real Estate Group, the Xinyuan Real Estate Group has decided to provide more complimentary property management services for property owners as a compensation or a marketing strategy. Under the complimentary property management services arrangement, even if the properties have been delivered to the third party property owners who is typically responsible for property management fees from the date of delivery, depending on the actual circumstances, the Xinyuan Real Estate Group would still pay the property management fees for such properties for the first few months to even a year after the date of delivery, resulting in a higher transaction amount under the New Property Management Services Framework Agreement. Since neither the Xinyuan Real Estate Group 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.

Taking into account of (a) the estimated property management services fees payable by the Xinyuan Real Estate Group which has been arrived at after considering the estimated additional GFA of unsold properties units which will procure property management services from the Group and the estimated services fee for the provision of such services in the coming three years; (b) the basis of the estimated increase in the total GFA of unsold properties of the Xinyuan Real Estate Group and the estimated services fee as aforesaid; and (c) the estimated buffer to be applied to cater for any property owners’ fees to be borne and paid by the Xinyuan Real Estate Group to the Group, we consider the proposed annual caps for the three years ending 31 December 2027 under the New Property Management Services Framework Agreement to be fair and reasonable.



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### 2.2 *The New Pre-delivery and Consulting Services Framework Agreement*

#### (i) *Background and reasons*

Pre-delivery and consulting services business is one of the operating segments of the Group. The Group has been providing pre-delivery and consulting services to the Xinyuan Real Estate Group for years and the provision of which is in the ordinary course of business of the Group. On 9 November 2021, the Company entered into the Existing Pre-delivery and Consulting Services Framework Agreement, pursuant to which the Group agreed to provide pre-delivery and consulting services to the Xinyuan Real Estate Group for a term of three years from 1 January 2022 to 31 December 2024.

As the Existing Pre-delivery and Consulting Services Framework Agreement will expire on 31 December 2024, with a view to facilitate the continuous provision of such pre-delivery and consulting services to the Xinyuan Real Estate Group, on 22 November 2024, the Company entered into the New Pre-delivery and Consulting Services Framework Agreement with Xinyuan Real Estate to renew the term for a further three years from 1 January 2025 to 31 December 2027. The entering into of the New Pre-delivery and Consulting Services Framework Agreement could generate stable income stream to the Group, which could further promote the business growth of the Group.

Based on the above, we concur with the Directors that the entering into of the New Pre-delivery and Consulting Services Framework Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

#### (ii) *Principal terms*

Details of the terms of the New Pre-delivery and Consulting Services Framework Agreement are set out in the Letter from the Board, which are summarised as follows:

<b>Date</b>	:	22 November 2024
<b>Parties</b>	:	The Company (for itself and on behalf of its subsidiaries); and  Xinyuan Real Estate (for itself and on behalf of its subsidiaries and associates)



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- Term** : From 1 January 2025 until 31 December 2027. The New Framework Agreement shall be conditional upon the Independent Shareholders having approved the relevant ordinary resolution approving such New Framework Agreement at the EGM.
- Services to be provided** : The Group will provide to the Xinyuan Real Estate Group pre-delivery and consulting services, including but not limited to (a) 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; (b) 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 (c) referral and management services for unsold properties.
- Pricing policy** : The fees to be charged for the pre-delivery and consulting services shall be determined as follows:
- (a) sales assistance service fees and early stage involvement services fees are determined after arm’s length negotiations taking into account various factors, including without limitation, (1) the nature, GFA and location of the project; (2) the anticipated operational costs (including labour costs, administrative costs and material costs); (3) the fees offered by the Group to other Independent Third Parties in respect of comparable services; (4) the fees for similar services and similar type of projects in the market; and (5) pricing terms as recommended by the relevant government authorities (if any); and

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- (b) 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 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, administrative costs and material costs) and the type of the subject property. The service fees shall be charged mainly based on the total GFA of properties and the service fee per square meter, which shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable) or lower than the standard fees to be charged from Independent Third Parties.

The Group will endeavour to ensure that the service fees charged for the Services under the New Pre-delivery and Consulting Services Framework Agreement are no less favourable to the Group than those charged to Independent Third Parties, by (a) comparing those fees against the top five highest fees charged to Independent Third Party customers for similar services (to the extent practicable); and (b) ensuring that they are in line with the applicable regulatory requirements and government guidelines.

In assessing whether the terms of the New Pre-delivery and Consulting Services Framework Agreement are fair and reasonable, we have selected on a random basis and obtained and reviewed 29 samples of pre-delivery and consulting services contracts between the Group and (a) the Xinyuan Real Estate Group; or (b) the Independent Third Parties during the period from 2022 to 2024. Based on our review, we noted that the terms of the pre-delivery and consulting services contracts with the Xinyuan Real Estate Group were no more favourable than those with the Independent Third Parties. Taking into account (a) the similarity of services covered under the aforesaid sample contracts, all being providing pre-delivery and consulting services; (b) the sample contracts were effective under the period of the Existing Pre-delivery and Consulting Services Framework Agreement; and (c) a total of 29 sample contracts were selected, obtained and reviewed, we are of the view that the aforesaid samples we have reviewed are adequate and representative.

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In addition, we have compared the terms of the New Pre-delivery and Consulting Services Framework Agreement with those of the Existing Pre-delivery and Consulting Services Framework Agreement and noted that except for the term, other principal terms of the Existing Pre-delivery and Consulting Services Framework Agreement and the New Pre-delivery and Consulting Services Framework Agreement generally remain the same. As such, we consider the terms of the Existing Pre-delivery and Consulting Services Framework Agreement are on normal commercial terms which are fair and reasonable. Please refer to the section headed “3. Internal control policies of the Group” below for our analyses of further safeguards imposed by the Group.

*(iii) Assessment of the proposed annual caps*

### **Review of historical figures**

Set out below are the historical annual caps and actual transaction amounts regarding the Group’s provision of pre-delivery and consulting services to the Xinyuan Real Estate Group under the Existing Pre-delivery and Consulting Services Framework Agreement for the periods indicated:

	<b>For the year ended 31 December 2022 RMB (audited)</b>	<b>For the year ended 31 December 2023 RMB (audited)</b>	<b>For the ten months ended 31 October 2024 RMB (unaudited)</b>
Annual caps	166,623,000	190,182,000	218,711,000 (for the year ending 31 December 2024)
Actual transaction amounts	29,959,000	13,318,000	10,599,000
Utilisation rate	18.0%	7.0%	4.8%

As shown in the table above, the actual transaction amounts regarding the Group’s provision of pre-delivery and consulting services to the Xinyuan Real Estate Group under the Existing Pre-delivery and Consulting Services Framework Agreement amounted to approximately RMB30.0 million, RMB13.3 million and RMB10.6 million for FY2022, FY2023 and 10M2024, respectively, representing approximately 18.0%, 7.0% and 4.8% of the total annual caps in 2022, 2023 and 2024, respectively. As advised by the management of the Group, such low utilisation rates in 2022, 2023 and 2024 were primarily attributable to the downturn in the Chinese real estate

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industry and the decrease in the delivery of new houses and property sale of the Xinyuan Real Estate Group, resulting in a weak demand for the Group's pre-delivery and consulting services. In particular, due to the macro factors and uncertainties in the property development market, the Xinyuan Real Estate Group had deferred its development plan and launching plan since year 2022 in response to the uncertain market conditions in the real estate market in the PRC.

### Assessment of the proposed annual caps

The proposed annual caps for fees payable by the Xinyuan Real Estate Group to the Group under the New Pre-delivery and Consulting Services Framework Agreement for each of the three years ending 31 December 2027 are as follows:

	<b>For the year ending 31 December</b>		
	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Proposed annual caps	15,000,000	22,500,000	33,750,000

In assessing the reasonableness of the proposed annual caps of the Group's provision of pre-delivery and consulting services to the Xinyuan Real Estate Group under the New Pre-delivery and Consulting Services Framework Agreement, we have discussed with the management of the Group the basis and assumptions underlying the projections. In determining the proposed annual caps for the three years ending 31 December 2027, the Directors have taken into account, among other things, (a) the historical transaction amounts for FY2023 and 10M2024; (b) the estimated revenue to be recognised in relation to the pre-delivery and consulting services provided by the Group pursuant to existing contracts; (c) in respect of sales assistance services, the Group's anticipated increase in the demand of the 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 Xinyuan Real Estate Group; (d) in respect of early stage involvement services, the Group's estimation of the contracted GFA to be developed by the Xinyuan Real Estate Group for the three years ending 31 December 2027, based on the development plan of the Xinyuan Real Estate Group with reference to its existing land reserve; and (e) the respective historical services fees charged by the Group and an annual growth rate of 5% to 8% to cater for the potential upward adjustment on the service fees for the Group's pre-delivery and consulting services attributable to inflation and the increase in labour costs. Based on the above, the proposed annual caps adopted are the sum of (a) the estimated property sales venue management services fees which are arrived at the estimated total GFA of the properties

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to be sold according to estimated pre-sale schedule of the properties to be developed by the Xinyuan Real Estate Group for the three years ending 31 December 2027 multiplied by an estimated services fee at which property sales venue management services will be charged per sq.m.; (b) the estimated property sales venue “warm-up” services fees which are 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 Xinyuan Real Estate Group for the three years ending 31 December 2027 multiplied by an estimated services fee at which property sales venue “warm-up” services will be charged per sq.m.; and (c) the estimated early stage involvement services fees which are arrived at the estimated total GFA of the properties to be developed by the Xinyuan Real Estate Group for the three years ending 31 December 2027 multiplied by an estimated services fee at which early stage involvement services will be charged per sq.m..

We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the relevant calculations. As advised by the management of the Group, the estimated pre-delivery and consulting services fees payable by the Xinyuan Real Estate Group are determined based on the estimated GFA of the properties to be developed and sold by the Xinyuan Real Estate Group with reference to the historical amounts, the development plan, existing land reserve and estimated pre-sale schedule of the Xinyuan Real Estate Group, which have been confirmed and agreed by the Xinyuan Real Estate Group. For details of the estimation on the GFA of the properties to be developed and delivered by the Xinyuan Real Estate Group, please refer to our analysis in the sub-section headed “2.1 The New Property Management Services Framework Agreement – (iii) Assessment of the proposed annual caps” above. We concurred with the management of the Group on such basis of the projection.

In respect of the estimated services fees for each of the property sales venue management services, property sales venue “warm-up” services and early stage involvement services for the three years ending 31 December 2027, we understood from the management of the Group that they are projected with reference to the respective historical services fees charged by the Group and an annual growth rate of 5% to 8%. As discussed in the sub-section headed “(ii) Principal terms” above, we have obtained and reviewed the historical samples of pre-delivery and consulting services contracts between the Group and (a) the Xinyuan Real Estate Group; or (b) the Independent Third Parties during the period from 2022 to 2024. Based on our review, we noted that the estimated pre-delivery and consulting services fees as adopted for the coming three years are generally in line with the historical pre-delivery and consulting services fees charged by the Group. According to the National Bureau of Statistics of the PRC, the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Chinese household disposable income per capita has increased from approximately RMB28,228 in 2018 to approximately RMB39,218 in 2023, representing a CAGR of approximately 6.8% during the period. Taking into account that the potential upward adjustments on the service fees for the Group's pre-delivery and consulting services attributable to inflation and the increase in labour costs, we consider it is fair and reasonable to adopt a growth rate of 5% to 8% per annum in projecting the pre-delivery and consulting services fees in the coming three years. Based on the above, we consider the estimated pre-delivery and consulting services fees to be fair and reasonable.

Taking into account of (a) the estimated pre-delivery and consulting services fees payable by the Xinyuan Real Estate Group which has been arrived at after considering the estimated GFA of the properties to be developed and sold by the Xinyuan Real Estate Group which will procure different types of pre-delivery and consulting services from the Group and the estimated services fees for the provision of such services in the coming three years; and (b) the basis of the estimated contracted GFA and the estimated services fees as aforesaid, we consider the proposed annual caps for the three years ending 31 December 2027 under the New Pre-delivery and Consulting Services Framework Agreement to be fair and reasonable.

### ***2.3 The New Value-added Services Framework Agreement***

#### *(i) Background and reasons*

Value-added services business is one of the operating segments of the Group and recorded substantial revenue growth of approximately 56.5% for 6M2024. The Group has been providing value-added services to the Xinyuan Real Estate Group for years and the provision of which is in the ordinary course of business of the Group. On 9 November 2021, the Company entered into the Existing Value-added Services Framework Agreement, pursuant to which the Group agreed to provide value-added services to the Xinyuan Real Estate Group for a term of three years from 1 January 2022 to 31 December 2024.

As the Existing Value-added Services Framework Agreement will expire on 31 December 2024, with a view to facilitate the continuous provision of such value-added services to the Xinyuan Real Estate Group, on 22 November 2024, the Company entered into the New Value-added Services Framework Agreement with Xinyuan Real Estate to renew the term for a further three years from 1 January 2025 to 31 December 2027. The entering into of the New Value-added Services Framework Agreement could generate stable income stream to the Group, which could further promote the business growth of the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Based on the above, we concur with the Directors that the entering into of the New Value-added Services Framework Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

*(ii) Principal terms*

Details of the terms of the New Value-added Services Framework Agreement are set out in the Letter from the Board, which are summarised as follows:

<b>Date</b>	:	22 November 2024
<b>Parties</b>	:	The Company (for itself and on behalf of its subsidiaries); and  Xinyuan Real Estate (for itself and on behalf of its subsidiaries and associates)
<b>Term</b>	:	From 1 January 2025 until 31 December 2027. The New Framework Agreement shall be conditional upon the Independent Shareholders having approved the relevant ordinary resolution approving such New Framework Agreement at the EGM.
<b>Services to be provided</b>	:	The Group shall provide to the Xinyuan Real Estate Group 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, digital technical support service and other value-added and support services.

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**Pricing policy** : The fees to be charged for the value-added services shall be determined after arm's length negotiations taking into account various factors, including without limitation, (a) the nature, GFA and location of the project; (b) the anticipated operational costs (including labour costs, material costs and administrative costs); (c) the fees offered by the Group to other Independent Third Parties in respect of comparable services; (d) the fees for similar services and similar type of projects in the market; and (e) pricing terms as recommended by the relevant government authorities (if any).

The Group will endeavour to ensure that the service fees charged for the value-added services are no less favourable to the Group than those charged to Independent Third Parties, by (a) comparing those fees against the top five highest fees charged to Independent Third Party customers for similar services (to the extent practicable); and (b) ensuring that they are in line with the applicable regulatory requirements and government guidelines.

In assessing whether the terms of the New Value-added Services Framework Agreement are fair and reasonable, we have selected on a random basis and obtained and reviewed 16 samples of value-added services contracts between the Group and the Xinyuan Real Estate Group during the period from 2022 to 2024. Given that there are no value-added services contracts entered into between the Group and the Independent Third Parties for our direct comparison, alternatively, we have performed our independent research on the service fees for similar services and similar type of projects in the market. We noted that the terms of the value-added services contracts with the Xinyuan Real Estate Group were no more favourable than those in the prevailing market.

In addition, we have compared the terms of the New Value-added Services Framework Agreement with those of the Existing Value-added Services Framework Agreement and noted that except for the term, other principal terms of the Existing Value-added Services Framework Agreement and the New Value-added Services Framework Agreement generally remain the same. As such, we consider the terms of the Existing Value-added Services Framework Agreement are on normal commercial terms which are fair and reasonable. Please refer to the section headed "3. Internal control policies of the Group" below for our analyses of further safeguards imposed by the Group.



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(iii) *Assessment of the proposed annual caps*

**Review of historical figures**

Set out below are the historical annual caps and actual transaction amounts regarding the Group's provision of value-added services to the Xinyuan Real Estate Group under the Existing Value-added Services Framework Agreement for the periods indicated:

	<b>For the year ended 31 December 2022 RMB (audited)</b>	<b>For the year ended 31 December 2023 RMB (audited)</b>	<b>For the ten months ended 31 October 2024 RMB (unaudited)</b>
Annual caps	44,900,000	56,082,000	66,446,000 (for the year ending 31 December 2024)
Actual transaction amounts	6,097,000	5,374,000	6,010,000
Utilisation rate	13.6%	9.6%	9.0%

As shown in the table above, the actual transaction amounts regarding the Group's provision of value-added services to the Xinyuan Real Estate Group under the Existing Value-added Services Framework Agreement amounted to approximately RMB6.1 million, RMB5.4 million and RMB6.0 million for FY2022, FY2023 and 10M2024, respectively, representing approximately 13.6%, 9.6% and 9.0% of the total annual caps in 2022, 2023 and 2024, respectively. As advised by the management of the Group, such low utilisation rates in 2022, 2023 and 2024 were primarily attributable to the downturn in the Chinese real estate industry and the decrease in the delivery of new houses and property sale of the Xinyuan Real Estate Group, resulting in a weak demand for the Group's value-added services. In particular, due to the macro factors and uncertainties in the property development market, the Xinyuan Real Estate Group had deferred its development plan and launching plan since year 2022 in response to the uncertain market conditions in the real estate market in the PRC.

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### Assessment of the proposed annual caps

The proposed annual caps for fees payable by the Xinyuan Real Estate Group to the Group under the New Value-added Services Framework Agreement for each of the three years ending 31 December 2027 are as follows:

	<b>For the year ending 31 December</b>		
	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Proposed annual caps	10,000,000	15,000,000	22,500,000

In assessing the reasonableness of the proposed annual caps of the Group's provision of value-added services to the Xinyuan Real Estate Group under the New Value-added Services Framework Agreement, we have discussed with the management of the Group the basis and assumptions underlying the projections. In determining the proposed annual caps for the three years ending 31 December 2027, the Directors have taken into account, among other things, (a) 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 Xinyuan Real Estate Group; (b) the Group's anticipated increase in the demand of the Xinyuan Real Estate Group for the value-added services as a result of (1) the Group's estimation of the contracted GFA to be delivered by the Xinyuan Real Estate Group for the three years ending 31 December 2027, based on the internal development and sales plan of the Xinyuan Real Estate Group with reference to its existing land reserve; and (2) the increase in the scale of the Group's value-added services. Given the immense needs of the 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 capacity, and intend to provide such services to all the properties which are expected to be delivered by the Xinyuan Real Estate Group during the three years ending 31 December 2027 as per its internal development and sales plan; and (c) the respective historical services fees charged by the Group and an annual growth rate of 5% to 8% to cater for the potential upward adjustment on the service fees for the Group's value-added services attributable to inflation and the increase in labour costs. Based on the above, the proposed annual caps are then arrived at by adopting the estimated total GFA of the properties to be delivered by the Xinyuan Real Estate Group for the three years ending 31 December 2027 and multiplied by the estimated services fees at which value-added services will be charged per sq.m..

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the relevant calculations. As advised by the management of the Group, the estimated value-added services fees payable by the Xinyuan Real Estate Group are determined based on the estimated contracted GFA of the properties to be delivered by the Xinyuan Real Estate Group with reference to the internal development and sales plan of the Xinyuan Real Estate Group as well as its existing land reserve, which have been confirmed and agreed by the Xinyuan Real Estate Group. For details of the estimation on the GFA of the properties to be developed and delivered by the Xinyuan Real Estate Group, please refer to our analysis in the sub-section headed “2.1 The New Property Management Services Framework Agreement – (iii) Assessment of the proposed annual caps” above. We concurred with the management of the Group on such basis of the projection.

In respect of the estimated value-added services fees for the three years ending 31 December 2027, we understood from the management of the Group that they are projected with reference to the historical value-added fees charged by the Group and an annual growth rate of 5% to 8%. As discussed in the sub-section headed “(ii) Principal terms” above, we have obtained and reviewed the historical samples of value-added services contracts between the Group and the Xinyuan Real Estate Group during the period from 2022 to 2024. Based on our review, we noted that the estimated value-added services fees as adopted for the coming three years are generally in line with the historical value-added services fees charged by the Group. According to the National Bureau of Statistics of the PRC, the Chinese household disposable income per capita has increased from approximately RMB28,228 in 2018 to approximately RMB39,218 in 2023, representing a CAGR of approximately 6.8% during the period. Taking into account that the potential upward adjustments on the service fees for the Group’s value-added services attributable to inflation and the increase in labour costs, we consider it is fair and reasonable to adopt a growth rate of 5% to 8% per annum in projecting the value-added services fees in the coming three years. Based on the above, we consider the estimated value-added services fees to be fair and reasonable.

Taking into account of (a) the estimated value-added services fees payable by the Xinyuan Real Estate Group which has been arrived at after considering the estimated contracted GFA to be delivered by the Xinyuan Real Estate Group which will procure value-added services from the Group and the estimated services fees for the provision of such services in the coming three years; and (b) the basis of the estimated contracted GFA and the estimated services fees as aforesaid, we consider the proposed annual caps for the three years ending 31 December 2027 under the New Value-added Services Framework Agreement to be fair and reasonable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *2.4 The New Property Engineering Services Framework Agreement*

#### *(i) Background and reasons*

Property engineering services business is one of the operating segments of the Group and recorded substantial revenue growth of approximately 97.0% for 6M2024. The Group has been providing property engineering services to the Xinyuan Real Estate Group for years and the provision of which is in the ordinary course of business of the Group. On 9 November 2021, the Company entered into the Existing Property Engineering Services Framework Agreement, pursuant to which the Group agreed to provide property engineering services to the Xinyuan Real Estate Group for a term of three years from 1 January 2022 to 31 December 2024.

As the Existing Property Engineering Services Framework Agreement will expire on 31 December 2024, with a view to facilitate the continuous provision of such property engineering services to the Xinyuan Real Estate Group, on 22 November 2024, the Company entered into the New Property Engineering Services Framework Agreement with Xinyuan Real Estate to renew the term for a further three years from 1 January 2025 to 31 December 2027. The entering into of the New Property Engineering Services Framework Agreement could generate stable income stream to the Group, which could further promote the business growth of the Group.

Based on the above, we concur with the Directors that the entering into of the New Property Engineering Services Framework Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

#### *(ii) Principal terms*

Details of the terms of the New Property Engineering Services Framework Agreement are set out in the Letter from the Board, which are summarised as follows:

<b>Date</b>	:	22 November 2024
<b>Parties</b>	:	The Company (for itself and on behalf of its subsidiaries); and  Xinyuan Real Estate (for itself and on behalf of its subsidiaries and associates)

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- Term** : From 1 January 2025 until 31 December 2027. The New Framework Agreement shall be conditional upon the Independent Shareholders having approved the relevant ordinary resolution approving such New Framework Agreement at the EGM.
- Services to be provided** : The Group shall provide to the Xinyuan Real Estate Group property engineering services, including but not limited to (a) repairs engineering services, which involve providing repairs services and project quality enhancement maintenance services for development projects during the warranty period; (b) intelligent engineering services, which involve providing construction services for intelligent systems; (c) landscaping engineering services; (d) firefighting engineering services; (e) decoration and renovation engineering service; (f) elevators engineering services; and (g) other miscellaneous engineering services.
- Pricing policy** : The fees to be charged for the property engineering services is determined after arm's length negotiations taking into account various factors, including without limitation, (a) the scope of services under each of such contracts; (b) the anticipated operational costs (including labour costs and material costs and obtaining quotations from equipment manufacturers to determine the construction budget); (c) the fees offered by the Group to other Independent Third Parties in respect of comparable services; (d) the fees for similar services and similar type of projects in the market; and (e) pricing terms as recommended by the relevant government authorities (if any).

The Group will endeavour to ensure that the service fees charged for the property engineering services are no less favourable to the Group than those charged to Independent Third Parties, by (a) comparing those fees against the top five highest fees charged to Independent Third Party customers for similar services (to the extent practicable); and (b) ensuring that they are in line with the applicable regulatory requirements and government guidelines.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In assessing whether the terms of the New Property Engineering Services Framework Agreement are fair and reasonable, we have selected on a random basis and obtained and reviewed 21 samples of property engineering services contracts between the Group and (a) the Xinyuan Real Estate Group; or (b) the Independent Third Parties during the period from 2022 to 2024. Based on our review, we noted that the terms of the property engineering services contracts with the Xinyuan Real Estate Group were no more favourable than those with the Independent Third Parties. Taking into account (a) the similarity of services covered under the aforesaid sample contracts, all being providing property engineering services; (b) the sample contracts were effective under the period of the Existing Property Engineering Services Framework Agreement; and (c) a total of 21 sample contracts were selected, obtained and reviewed, we are of the view that the aforesaid samples we have reviewed are adequate and representative.

In addition, we have compared the terms of the New Property Engineering Services Framework Agreement with those of the Existing Property Engineering Services Framework Agreement and noted that except for the term, other principal terms of the Existing Property Engineering Services Framework Agreement and the New Property Engineering Services Framework Agreement generally remain the same. As such, we consider the terms of the Existing Property Engineering Services Framework Agreement are on normal commercial terms which are fair and reasonable. Please refer to the section headed “3. Internal control policies of the Group” below for our analyses of further safeguards imposed by the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(iii) *Assessment of the proposed annual caps*

### Review of historical figures

Set out below are the historical annual caps and actual transaction amounts regarding the Group's provision of property engineering services to the Xinyuan Real Estate Group under the Existing Property Engineering Services Framework Agreement for the periods indicated:

	<b>For the year ended 31 December 2022 RMB (audited)</b>	<b>For the year ended 31 December 2023 RMB (audited)</b>	<b>For the ten months ended 31 October 2024 RMB (unaudited)</b>
Annual caps	178,242,000	204,979,000	235,725,000 (for the year ending 31 December 2024)
Actual transaction amounts	21,792,000	49,830,000	43,140,000
Utilisation rate	12.2%	24.3%	18.3%

As shown in the table above, the actual transaction amounts regarding the Group's provision of property engineering services to the Xinyuan Real Estate Group under the Existing Property Engineering Services Framework Agreement amounted to approximately RMB21.8 million, RMB49.8 million and RMB43.1 million for FY2022, FY2023 and 10M2024, respectively, representing approximately 12.2%, 24.3% and 18.3% of the total annual caps in 2022, 2023 and 2024, respectively. As advised by the management of the Group, such low utilisation rates in 2022, 2023 and 2024 were primarily attributable to the downturn in the Chinese real estate industry and the decrease in the delivery of new houses and property sale of the Xinyuan Real Estate Group, resulting in a weak demand for the Group's property engineering services. In particular, due to the macro factors and uncertainties in the property development market, the Xinyuan Real Estate Group had deferred its development plan and launching plan since year 2022 in response to the uncertain market conditions in the real estate market in the PRC.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### Assessment of the proposed annual caps

The proposed annual caps for fees payable by the Xinyuan Real Estate Group to the Group under the New Property Engineering Services Framework Agreement for each of the three years ending 31 December 2027 are as follows:

	<b>For the year ending 31 December</b>		
	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Proposed annual caps	60,000,000	72,000,000	86,400,000

In assessing the reasonableness of the proposed annual caps of the Group's provision of property engineering services to the Xinyuan Real Estate Group under the New Property Engineering Services Framework Agreement, we have discussed with the management of the Group the basis and assumptions underlying the projections. In determining the proposed annual caps for the three years ending 31 December 2027, the Directors have taken into account, among other things, (a) the anticipated demand for such services of the Xinyuan Real Estate Group with reference to its development plan for the three years ending 31 December 2027 and based on the Group's discussion with the Xinyuan Real Estate Group during the negotiations of the terms of the New Property Engineering Services Framework Agreement; (b) the Group's estimation of its enhanced capacity to provide property engineering services for the three years ending 31 December 2027, 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; and; and (c) in light of the Group's expected increase in GFA to be developed and delivered by the 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.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the relevant calculations. Based on our review and discussion with the management of the Group, such estimated property engineering services fees payable by the Xinyuan Real Estate Group are determined after considering the Xinyuan Real Estate Group's continual need for property engineering services on new development properties and the expected increase in the demand arising from the increase in the number of development projects to be developed and delivered by the Xinyuan Real



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Estate Group. In particular, with reference to the existing contracts, and the internal development and sales plan of the Xinyuan Real Estate Group, the Group is expected to provide the property engineering services to at least 49 new properties for the three years ending 31 December 2027 (the existing development projects of the Xinyuan Real Estate Group, excluding any future new development projects of the Xinyuan Real Estate Group).

As disclosed above, the actual transaction amounts regarding the Group's provision of property engineering services to the Xinyuan Real Estate Group under the Existing Property Engineering Services Framework Agreement amounted to approximately RMB21.8 million, RMB49.8 million and RMB43.1 million for FY2022, FY2023 and 10M2024, respectively. By annualising the actual transaction amount for 10M2024, the full-year transaction amount for the Group's provision of property engineering services to the Xinyuan Real Estate Group is expected to be approximately RMB51.8 million for the year ending 31 December 2024. In other words, the historical amount of the property engineering services fees paid by the Xinyuan Real Estate Group to the Group has increased from approximately RMB21.8 million for FY2022 to approximately RMB51.8 million for the year ending 31 December 2024, representing a CAGR of approximately 54.1% from 2022 to 2024. The proposed annual cap of the Group's provision of property engineering services to the Xinyuan Real Estate Group is then projected to increase from approximately RMB60.0 million for the year ending 31 December 2025 to approximately RMB86.4 million for the year ending 31 December 2027, representing a CAGR of approximately 20.0% from 2025 to 2027, which is lower than the historical annual growth rate from 2022 to 2024.

Taking into account that (a) the estimated property engineering services fees payable by the Xinyuan Real Estate Group has been arrived at after considering the expected increase in the demand on the Group's property engineering services arising from the increase in the number of development projects to be developed and delivered by the Xinyuan Real Estate Group; and (b) the annual growth rate of the estimated total property engineering services fees payable by the Xinyuan Real Estate Group to the Group is lower than the historical annual growth rate from 2022 to 2024, we consider the proposed annual caps for the three years ending 31 December 2027 under the New Property Engineering Services Framework Agreement to be fair and reasonable.

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### *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 others, the pre-sale schedule of properties to be developed and the estimated total GFA of properties expected to be developed and sold by the Xinyuan Real Estate Group. We understood that all such information were prepared based on the Group's understanding in the current status of developed properties and future development plan on properties to be developed by the Xinyuan Real Estate Group which were confirmed by the Xinyuan Real Estate Group; (ii) performed independent research on the industry outlook of property management sector in the PRC which showed 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. With reference to the "Opinions on Promoting the Construction of a Quarter-hour Convenient Living Circle in Cities" (關於推進城市一刻鐘便民生活圈建設的意見) jointly issued by the Ministry of Commerce and other 11 departments in May 2021, it promoted the construction of quarter-hour convenient living circles in cities and encouraged "property service plus living service" to improve the level of convenience and quality of consumption. In December 2022, the Party Central Committee and the State Council issued the "Outline of Strategic Planning for Expanding Domestic Demand (2022–2035)" (擴大內需戰略規劃綱要(2022–2035年)), which indicated that the Chinese government would, among others, improve the quality level of community public services, enhance community service functions, guide social forces to participate in community services, improve the level of intelligence in community services and support the integration and innovation of housekeeping, elderly care, childcare, property and other business services. Furthermore, in November 2023, the National Development and Reform Commission issued the "Implementation Plan for the Construction of Embedded Service Facilities in Urban Communities" (城市社區嵌入式服務設施建設工程實施方案), which piloted the construction of built-in service facilities in urban communities or embedding functional facilities and supporting services in the public space of residential areas to provide accessible, high quality and one-stop community services for residents; and (iii) performed independent research on the industry outlook of property sector in the PRC and noted that the Chinese government has introduced various policies to facilitate the positive cycle and healthy development of the property industry and reinforce the status of real estate being a major industry in the PRC. In November 2022, the People's Bank of China and China Banking and Insurance Regulatory Commission jointly issued the "Notice on Properly Performing Work for Current Financial Support for the Stable and Healthy Development of the Real Estate Market" (關於做好當前金融支持房地產市場平穩健康發展工作的通知), which listed out 16 measures for stabilising the Chinese property sector, including but not limited to, supporting the reasonable deferral of property development loans and credit loans, encouraging financial institutions to provide

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policy support for special loans that ensure the delivery of housing projects and supporting rational demand for personal housing loans. Furthermore, on 17 October 2024, the Minister of Housing and Urban-Rural Development announced new measures to cement signs of stabilisation in the property sector and stressed that all eligible real estate projects will be included in the “white list” mechanism and that their reasonable financing needs will be met through loans. Based on our independent due diligence work done as aforesaid, we consider the development plan of the Xinyuan Real Estate Group to be reasonable.

It is noted that (i) the proposed annual caps of the Group’s provision of property management services, pre-delivery and consulting services, value-added services and property engineering services to the Xinyuan Real Estate Group under the New Framework Agreements are much higher than the historical transaction amounts under the Existing Framework Agreements; and (ii) there are substantial annual increases in the proposed annual caps under each of the New Framework Agreements during the three years ending 31 December 2027, taking into account that (i) the relatively low historical transaction amounts under the Existing Property Management Services Framework Agreement were primarily attributable to the downturn in the Chinese real estate industry and the decrease in the delivery of new houses and property sale of the Xinyuan Real Estate Group, resulting in a weak demand for the Group’s services. In particular, due to the macro factors and uncertainties in the property development market, the Xinyuan Real Estate Group had deferred its development plan and launching plan since year 2022 in response to the uncertain market conditions in the real estate market in the PRC; (ii) such significant increase in the proposed annual caps under each of the New Framework Agreements are primarily attributable to the significant increase in the GFA of properties to be developed, delivered and sold by the Xinyuan Real Estate Group in the coming three years. As advised by the management of the Group, the Xinyuan Real Estate Group is expected to resume and accelerate its development and launching plan since 2025. As discussed above, based on our research on the industry outlook of property sector in the PRC and the supportive policies introduced by the Chinese authorities to facilitate the healthy development of the property market, we consider the development plan of the Xinyuan Real Estate Group to be reasonable; and (iii) as the property development projects generally take two to five years to complete, there will be more properties to be delivered and sold in 2026 and 2027, leading to a significant increase in the proposed annual caps in 2026 and 2027, we consider the proposed annual caps under each of the New Framework Agreements to be fair and 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 Transactions are subject to annual review by the independent non-executive Directors and auditors of the Company (as discussed below) as required under

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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.

### **3. Internal control policies of the Group**

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

- (i) the finance department of the Group will monitor each transaction conducted under the New Framework Agreements, and report monitoring data to the compliance department designated by the Company on a monthly basis. The compliance department will then review such monthly reports and monitor the total transaction amounts under the New Framework Agreements to ensure that the annual caps will not be exceeded;
- (ii) the implementation of each contract entered into pursuant to the New 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 New Framework Agreements;
- (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 New Framework Agreements; and
- (iv) the Board (including the independent non-executive Directors) will continue to review the quarterly monitoring reports on the transactions conducted under the New 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.

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 separate agreements entered between the Group and the Xinyuan Real Estate Group under the Existing Framework Agreements and noted that the transactions contemplated thereunder were properly authorised and monitored. In addition, as discussed in the section headed “2. The New Framework Agreements” above, based on our review of

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the sample contracts between the Group and the Xinyuan Real Estate Group as well as the sample contracts between the Group and the Independent Third Parties for similar transactions during the period from 2022 to 2024, we noted that the terms for transactions contemplated under the Existing Framework Agreements are equal to or no more favourable to the Xinyuan Real Estate Group than the terms for similar transactions between the Group and the Independent Third Parties. As such, we consider the Group's internal control measures have been effectively implemented. Having considered the above, in particular (i) the above internal control procedures which include the Company's regular review to keep abreast of the prevailing fee level in the market to ensure the adherence of the pricing policy for the Transactions; and (ii) the clear segregation of duties of executing and monitoring the Transactions by designating different personnel or teams for the assessment, review and approval of the Transactions and the ongoing monitoring thereof, we concur with the Directors that appropriate and adequate internal control procedures are in place to ensure that the transactions contemplated under the New Framework Agreements will be appropriately monitored by the Company to ensure that services fees charged to the Company are on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

#### **4. Reporting requirements and conditions of the Transactions**

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Transactions are subject to the following annual review requirements:

- (i) the independent non-executive Directors must review the Transactions and confirm in the annual report and accounts that the Transactions have been entered into:
  - (a) in the ordinary and usual course of business of the Group;
  - (b) on normal commercial terms or better; and
  - (c) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (ii) the Company must engage its auditors to report on the Transactions every year. The Company's auditors must provide a letter to the Board (with a copy to be provided to the Stock Exchange at least ten business days before the bulk printing of the Company's annual report) confirming whether anything has come to their attention that causes them to believe that the Transactions:
  - (a) have not been approved by the Board;
  - (b) were not, in all material respects, in accordance with the pricing policies of the Group if the Transactions involve the provision of goods or services by the Group;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (c) were not entered into, in all material respects, in accordance with the relevant agreement governing the Transactions; and
- (d) have exceeded the Proposed Annual Caps;
- (iii) the Company must allow, and ensure that the counter-parties to the Transactions allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Transactions as set out in paragraph (ii); and
- (iv) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required.

In light of the reporting requirements attached to the Transactions, in particular, (i) the restriction of the value of the Transactions by way of the Proposed Annual Caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the Transactions and the Proposed Annual Caps not being exceeded, we are of the view that appropriate measures have been in place to monitor the conduct of the Transactions and assist in safeguarding the interests of the Independent Shareholders.

### OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the entering into of the New Framework Agreements are conducted in the ordinary and usual course of the Group; and (ii) the terms of the New Framework Agreements (including the Proposed Annual Caps) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. 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 New Framework Agreements (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 activity 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:

#### *Interest in the Company*

Name	Nature of Interest <sup>(1)</sup>	Number of Shares or underlying Shares	Approximate Percentage of Interest in the Company <sup>(1)</sup>
Mr. SHEN Yuan-Ching <sup>(2)</sup>	Interest of controlled corporation	61,488,000	10.37%
Mr. WANG Yong <sup>(3)</sup>	Interest of controlled corporation	9,000,500	1.52%

#### *Notes:*

- All interests stated are long position. The percentage of shareholding is calculated on the basis of the number of issued Shares as at the Latest Practicable Date of 593,037,500.
- By virtue of the SFO, Mr. SHEN Yuan-Ching is deemed to be interested in 61,488,000 Shares held by Melmetal Limited, a company wholly owned by Mr. SHEN Yuan-Ching.
- By virtue of the SFO, Mr. WANG Yong is deemed to be interested in 8,512,500 Shares held by Diran Peak Limited, a company wholly owned by Mr. WANG Yong.



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:

<b>Name</b>	<b>Capacity<sup>(1)</sup></b>	<b>Number of shares interested</b>	<b>Approximate percentage of shareholding<sup>(1)</sup></b>
Xinyuan Real Estate, Ltd. <sup>(2)</sup>	Beneficial owner	255,402,000	43.07%
Xinyuan Real Estate <sup>(2)(3)</sup>	Interest of controlled corporation	255,402,000	43.07%
Mr. SHEN Yuan-Ching <sup>(4)</sup>	Interest of controlled corporation	61,488,000	10.37%
Melmetal Limited <sup>(4)</sup>	Beneficial owner	61,488,000	10.37%
Xingtai Capital Management Limited	Investment manager	51,000,000	8.60%
Xingtai China Master Fund	Beneficial owner	29,000,000	4.89%

*Notes:*

- All interests stated are long position. The percentage of shareholding is calculated on the basis of the number of issued Shares as at the Latest Practicable Date of 593,037,500.
- Xinyuan Real Estate, Ltd. is wholly owned by Xinyuan Real Estate. By virtue of the SFO, Xinyuan Real Estate is deemed to be interested in such 255,402,000 Shares held by Xinyuan Real Estate, Ltd.
- Xinyuan Real Estate is owned as to 27.42% by Mr. ZHANG Yong, 24.98% by Spectacular Stage Limited and 47.60% by public shareholders.
- Melmetal Limited is wholly owned as by Mr. SHEN Yuan-Ching. By virtue of the SFO, Mr. SHEN Yuan-Ching is deemed to be interested in such 61,488,000 Shares held by Melmetal Limited.



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 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. LI Yifan	Xinyuan Real Estate	Independent director

### 4. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, 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 had any direct or indirect interest in any assets which had been, since 31 December 2023 (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 cannot be terminated by the Company 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 or their respective close associates had any interests in a business which competed or was 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 2023, being the date to which the latest published audited consolidated financial statements of the Group 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:

<b>Name</b>	<b>Qualifications</b>
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 2023 (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.

**10. DOCUMENTS ON DISPLAY**

Copies of the New Framework Agreements will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://www.xypm.hk>) for a period of not less than 14 days commencing from the date of this circular up to and including the date of the EGM.

**11. GENERAL**

The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text in the case of inconsistency.

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## NOTICE OF THE EGM

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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)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of Xinyuan Property Management Service (Cayman) Ltd. (the “**Company**”) will be held at Company Meeting Room, Hengtong Business Park, Beijing, the PRC on Tuesday, 31 December 2024 at 9:30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, with or without amendments, as ordinary resolutions of the Company.

#### ORDINARY RESOLUTIONS

1. **“THAT**

- (a) the framework agreement (the “**New Property Management Services Framework Agreement**”) dated 22 November 2024 entered into between the Company and Xinyuan Real Estate Co., Ltd., a copy of which is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose, the terms thereof and the continuing connected transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the proposed annual caps of the New Property Management Services Framework Agreement as set out in the circular of the Company dated 15 December 2024 be and are hereby approved; and
- (c) any one director of the Company be and is hereby authorized 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/her to be incidental to, ancillary to or in connection with the matters contemplated in the New Property Management Services Framework Agreement.”

2. **“THAT**

- (a) the framework agreement (the “**New Pre-delivery and Consulting Services Framework Agreement**”) dated 22 November 2024 entered into between the Company and Xinyuan Real Estate Co., Ltd., a copy of which is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose, the terms thereof and the continuing connected transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

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## NOTICE OF THE EGM

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- (b) the proposed annual caps of the New Pre-delivery and Consulting Services Framework Agreement as set out in the circular of the Company dated 15 December 2024 be and are hereby approved; and
- (c) any one director of the Company be and is hereby authorized 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/her to be incidental to, ancillary to or in connection with the matters contemplated in the New Pre-delivery and Consulting Services Framework Agreement.”

3. **“THAT**

- (a) the framework agreement (the **“New Value-added Services Framework Agreement”**) dated 22 November 2024 entered into between the Company and Xinyuan Real Estate Co., Ltd., a copy of which is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose, the terms thereof and the continuing connected transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the proposed annual caps of the New Value-added Services Framework Agreement as set out in the circular of the Company dated 15 December 2024 be and are hereby approved; and
- (c) any one director of the Company be and is hereby authorized 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/her to be incidental to, ancillary to or in connection with the matters contemplated in the New Value-added Services Framework Agreement.”

4. **“THAT**

- (a) the framework agreement (the **“New Property Engineering Services Framework Agreement”**) dated 22 November 2024 entered into between the Company and Xinyuan Real Estate Co., Ltd., a copy of which is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose, the terms thereof and the continuing connected transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the proposed annual caps of the New Property Engineering Services Framework Agreement as set out in the circular of the Company dated 15 December 2024 be and are hereby approved; and

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## NOTICE OF THE EGM

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- (c) any one director of the Company be and is hereby authorized 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/her to be incidental to, ancillary to or in connection with the matters contemplated in the New Property Engineering Services Framework Agreement.”

By Order of the Board

**Xinyuan Property Management Service (Cayman) Ltd.**  
**SHEN Yuan-Ching**

*Chairman, Executive Director and Chief Executive Officer*

Hong Kong, 15 December 2024

*Registered Office:*

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

*Corporate Headquarters:*

Room 102, 1/F  
Block B9, Universal Business Park  
10 Jiuxianqiao Road  
Chaoyang District  
Beijing  
PRC

*Principal Place of Business in*

*Hong Kong:*

Unit B, 17/F., United Centre  
95 Queensway, Admiralty  
Hong Kong

*Notes:*

1. All resolutions at the EGM 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 EGM 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 17/F, Far East Finance

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## NOTICE OF THE EGM

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Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the EGM (i.e. not later than 9:30 a.m. on Sunday, 29 December 2024) 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. The record date for determining the entitlement of the shareholders to attend and vote at the EGM will be Monday, 30 December 2024. 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 30 December 2024.

*As at the date of this notice, the Board comprises Mr. SHEN Yuan-Ching, Mr. FENG Bo and Mr. WANG Yong as executive directors; Mr. TIAN Wenzhi as non-executive director; and Mr. LI Yifan, Mr. LAN Ye, Mr. LING Chenkai and Ms. ZHAO Xia as independent non-executive directors.*