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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)

MAJOR AND CONNECTED TRANSACTION AND DISCLOSEABLE AND CONNECTED TRANSACTION

PROPERTY EXCLUSIVE SALES COOPERATION AGREEMENT

The Board is pleased to announce that on 27 September 2021 (after trading hours), the Company and Xinyuan Real Estate Holdings entered into the Property Exclusive Sales Cooperation Agreement pursuant to which, Xinyuan Real Estate Group agreed to designate the Group as the exclusive sales partner of Designated Property for the Cooperation Period and grant the Exclusive Sales Right to the Group for the implementation of the arrangement under the Exclusive Sales Cooperation. Pursuant to the Property Exclusive Sales Cooperation Agreement, the Group shall pay Xinyuan Real Estate Group a refundable Earnest Money of RMB190,300,000 in instalments as the deposit for being such exclusive sales partner and holding the Exclusive Sales Right.

LISTING RULES IMPLICATIONS

Pursuant to the Rules 14.22 and 14.23 of the Listing Rules, the Property Exclusive Sales Cooperation Agreement and the Car Parking Space Exclusive Sales Cooperation Agreement shall be aggregated as if they were one transaction because they were completed within a 12-month period by the Company with parties who are connected with one another. Upon aggregation, as the highest applicable percentage ratio is more than 25% but less than 75%, the transactions contemplated under the Property Exclusive Sales Cooperation Agreement therefore constitute a major transaction and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Xinyuan Real Estate Holdings is indirectly interested in 52.86% of the issued Shares in the Company, and is the controlling shareholder of the Company. Therefore, Xinyuan Real Estate Holdings and its associates are connected persons of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the Property Exclusive Sales Cooperation Agreement constitute a connected transaction of the Company.

Pursuant to the Rules 14A.81 and 14A.82 of the Listing Rules, the Property Exclusive Sales Cooperation Agreement and the Car Parking Space Exclusive Sales Cooperation Agreement shall be aggregated as if they were one transaction because they were entered into within a 12-month period by the Company with parties who are connected with one another. Upon aggregation, as the highest applicable percentage ratio is more than 5%, the transactions contemplated under the Property Exclusive Sales Cooperation Agreement are therefore subject to the requirements for reporting, announcement, and approval by the Independent Shareholders under Chapter 14A of the Listing Rules.

ENTERING INTO THE LOAN AGREEMENT

On 27 September 2021 (after trading hours), Xinyuan Science (an indirect wholly-owned subsidiary of the Company) entered into a loan agreement (the “**Loan Agreement**”) with Henan Xinyuan Real Estate, pursuant to which, Xinyuan Science agreed to provide a loan up to RMB200 million (the “**Loan**”) to Henan Xinyuan Real Estate, and Xinyuan (China) agreed to provide an irrevocable and unconditional guarantee for the Loan.

LISTING RULES IMPLICATIONS

Pursuant to the Rules 14.22 and 14.23 of the Listing Rules, the Loan Agreement and the Previous Loan Agreement shall be aggregated as if they were one transaction because they were completed within a 12-month period by the Company with parties who are connected with one another. Upon aggregation, as the highest applicable percentage ratio is more than 5% but less than 25%, the transactions contemplated under the Loan Agreement therefore constitute a discloseable transaction and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Xinyuan Real Estate Holdings is one of the controlling shareholders of the Company and is indirectly interested in 52.86% of the issued Shares of the Company. As Henan Xinyuan Real Estate is the indirect wholly-owned subsidiary of Xinyuan Real Estate Holdings, Henan Xinyuan Real Estate is a connected person of the Company, and thus the Loan Agreement constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

Pursuant to the Rules 14A.81 and 14A.82 of the Listing Rules, the Loan Agreement and the Previous Loan Agreement shall be aggregated as if they were one transaction because they were entered into within a 12-month period by the Company with parties who are connected with one another. Upon aggregation, as the highest applicable percentage ratio is more than 5%, the transactions contemplated under the Loan Agreement are therefore subject to the requirements for reporting, announcement and approval by the Independent Shareholders under Chapter 14A of the Listing Rules.

GENERAL

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

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve, among others, (a) the Property Exclusive Sales Cooperation Agreement and the transactions contemplated thereunder; and (b) the Loan Agreement and the transactions contemplated thereunder. Xinyuan Real Estate Holdings and its associates will abstain from voting on the resolutions in respect of (a) the Property Exclusive Sales Cooperation Agreement and the transactions contemplated thereunder; and (b) the Loan Agreement and the transactions contemplated thereunder at the EGM.

As Mr. Zhang Yong, Ms. Yang Yuyan and Mr. Li Yifan are also the directors of Xinyuan Real Estate Holdings, they have abstained from voting on the resolutions in respect of (a) the Property Exclusive Sales Cooperation Agreement and the transactions contemplated thereunder; and (b) the Loan Agreement and the transactions contemplated thereunder at the relevant Board meeting. Save as disclosed above, none of the other Directors has any material interest in (a) the Property Exclusive Sales Cooperation Agreement and the transactions contemplated thereunder; and (b) the Loan Agreement and the transactions contemplated thereunder, and none of them were required to abstain from voting on the resolutions considering and approving (a) the Property Exclusive Sales Cooperation Agreement and the transactions contemplated thereunder; and (b) the Loan Agreement and the transactions contemplated thereunder at the relevant Board meeting.

Since the Company needs more time to prepare the circular, it could not convene the EGM within 15 business days after publication of this announcement. A circular containing, amongst other things, (i) details of the Property Exclusive Sales Cooperation Agreement and the transactions contemplated thereunder; (ii) details of the Loan Agreement and the transactions contemplated thereunder; (iii) a letter from the Independent Board Committee containing its recommendations in respect thereof; (iv) a letter from the Independent Financial Advisor containing its advice to the Independent Board Committee and the Independent Shareholders; and (v) a notice of the EGM, will be dispatched to the Shareholders on or before 12 November 2021.

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

INTRODUCTION

The Board is pleased to announce that:

- (1) on 27 September 2021 (after trading hours), the Company (for its own and on behalf of its subsidiaries and associates) and Xinyuan Real Estate Holdings (for its own and on behalf of its subsidiaries and associates, excluding the Group) entered into the Property Exclusive Sales Cooperation Agreement; and
- (2) on 27 September 2021 (after trading hours), Xinyuan Science (an indirect wholly-owned subsidiary of the Company) entered into the Loan Agreement with Henan Xinyuan Real Estate, pursuant to which, Xinyuan Science agreed to provide a loan up to RMB200 million to Henan Xinyuan Real Estate, and Xinyuan (China) agreed to provide an irrevocable and unconditional guarantee for the Loan.

The major terms of the Property Exclusive Sales Cooperation Agreement and the Loan Agreement are as follows:

Property Exclusive Sales Cooperation Agreement

Date

27 September 2021

Parties

- (1) Xinyuan Real Estate Holdings (for its own and on behalf of its subsidiaries and associates, excluding the Group); and
- (2) the Company (for its own and on behalf of its subsidiaries and associates).

Exclusive Sales Cooperation

Xinyuan Real Estate Group agreed to designate the Group as the exclusive sales partner of Designated Property during the Cooperation Period, under which the Group will be responsible for carrying out the relevant work in relation to the Exclusive Sales Cooperation, including (a) the sales planning and promotion of the Designated Property; (b) the provision of required services to the buyers in the course of the sale and purchase of the Designated Property, including and not limited to assisting the buyers in executing the relevant agreements, delivering the Designated Property and applying for relevant loans; and (c) the provision of security, cleaning, maintenance and other related services in the course of the sale and purchase of the Designated Property.

Regarding the sales of the Designated Property, Xinyuan Real Estate Group and the Group agreed to adopt a sales cooperation model involving reserve prices, pursuant to which Xinyuan Real Estate Group shall, at the request of the Group, transfer any number of the Designated Property to any independent third party buyer(s) designated by the Group at the agreed reserve price of such Designated Property (and such price shall not be higher than the valuation of the relevant Designated Property provided by the Independent Valuer) (the “**Property Reserve Price**”).

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

Subject to the fulfillment or waiver (if applicable) of the conditions precedent, the relevant property companies of Xinyuan Real Estate Group and the subsidiary(ies) of the Company shall execute the sub-cooperation agreements on the Effective Date in accordance to the terms of the Property Exclusive Sales Cooperation Agreement, in order to implement the relevant arrangement under the Exclusive Sales Cooperation.

During the Cooperation Period, Xinyuan Real Estate Group shall not enter into any arrangement or agreement involving the sale or disposal of the Designated Property with any third party without the prior written consent of the Group.

Exclusive Sales Right

To ensure the implementation of the arrangement under the Exclusive Sales Cooperation, Xinyuan Real Estate Group grants an irrevocable exclusive right to the Group to request Xinyuan Real Estate Group to transfer the Designated Property to any independent third party buyer(s) designated by the Group at the Property Reserve Price as permitted by the PRC laws at any time during the Cooperation Period in accordance with the arrangement agreed in the Property Exclusive Sales Cooperation Agreement (the “**Exclusive Sales Right**”). During the Cooperation Period, the Group has the absolute discretion to decide whether it will exercise its Exclusive Sales Right, as well as the specific time, manner and frequency of exercising its Exclusive Sales Right, provided that the buyer(s) designated by the Group must be an independent third party or else the Group shall not exercise its Exclusive Sales Right.

The Exclusive Sales Right is an exclusive right enjoyed by the Group. Xinyuan Real Estate Group shall not sell, offer to sell, transfer, gift, pledge or otherwise dispose of any of the Designated Property to any third party, unless with the prior written consent of the Group.

Conditions Precedent

The transactions contemplated under the Property Exclusive Sales Cooperation Agreement are subject to the fulfillment of the following conditions (or waiver of conditions (c) and (d) below by the Company):

- (a) the passing of the necessary resolution(s) by the Independent Shareholders at the EGM to be convened and held by the Company to approve the Property Exclusive Sales Cooperation Agreement and the Exclusive Sales Cooperation, arrangements and transactions contemplated thereunder (including not limited to the payment of the Earnest Money);
- (b) save and except condition (a) above, the Group having obtained each necessary consent, permit, approval, registration, filing, notice, confirmation, authorisation or waiver for the Property Exclusive Sales Cooperation Agreement and/or the Exclusive Sales Cooperation, arrangements and transactions contemplated thereunder, and such consent, permit, approval, registration, filing, notice, confirmation, authorisation or waiver not having been revoked or withdrawn;
- (c) Xinyuan Real Estate Group having obtained each necessary consent, permit, approval, registration, filing, notice, confirmation, authorisation or waiver for the Property Exclusive Sales Cooperation Agreement and/or the Exclusive Sales Cooperation, arrangements and transactions contemplated thereunder, and such consent, permit, approval, registration, filing, notice, confirmation, authorisation or waiver not having been revoked or withdrawn; and
- (d) all representations, warranties and undertakings given by Xinyuan Real Estate Group under the Property Exclusive Sales Cooperation Agreement remaining true and accurate in all material respects on the Effective Date.

If the above conditions are not fulfilled or waived (if applicable) on or before 31 December 2023 (or such later date as may be agreed between the parties), the Property Exclusive Sales Cooperation Agreement and the transactions contemplated thereunder shall cease and terminate. The Property Exclusive Sales Cooperation Agreement shall be effective from the working day agreed between the parties upon the fulfillment or waiver (if applicable) of the above conditions (the “**Effective Date**”) to 31 December 2024 (the “**Cooperation Period**”).

Earnest Money

The Group shall pay Xinyuan Real Estate Group the refundable earnest money in the amount of RMB190,300,000 (the “**Earnest Money**”) in instalments as the deposit for being the exclusive sales partner of the Designated Property and holding the Exclusive Sales Right, which is the total sum of the Property Reserve Price for all of the Designated Property (the “**Total Property Reserve Price**”). The specific payment arrangement is as follows:

- First instalment: payment of 40% of the Total Property Reserve Price (i.e. RMB76,120,000) within 10 working days after the Effective Date;
- Second instalment: payment of 30% of the Total Property Reserve Price (i.e. RMB57,090,000) on or before 30 June 2022;
- Third instalment: payment of 30% of the Total Property Reserve Price (i.e. RMB57,090,000) on or before 30 June 2023.

The Total Property Reserve Price is determined by the parties after arm’s length negotiations with reference to the preliminary valuation of the Designated Property by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the Independent Valuer, which indicates the Commercial Stores held for sale included in the Designated Property with market value at their existing state amounts to approximately RMB30,800,000 as of 31 July 2021; and Car Parking Spaces and Apartments held under development included in the Designated Property with market values as if completed amount to approximately RMB86,300,000 and approximately RMB246,100,000 respectively, as of 31 July 2021. The Earnest Money will be settled by the Group using cash from its internal resources.

Xinyuan Real Estate Group shall, within 7 working days from the date of the Group meeting the relevant agreed sales rate of the Designated Property, refund the portion of the Earnest Money that corresponds with the agreed sales rate of the Designated Property as set out below:

Sales rates of the Designated Property	Amount of the Earnest Money to be refunded
40%	RMB76,120,000
70%	RMB57,090,000
90%	RMB38,060,000
100%	RMB19,030,000

Within 7 working days after the expiry date of the Cooperation Period or the rescission or termination of the Property Exclusive Sales Cooperation Agreement for any reason (whichever occurs first), Xinyuan Real Estate Group shall refund all the outstanding Earnest Money in one lump sum.

Accordingly, even if the Group fails to meet any of the agreed sales rates during the Cooperation Period and up to the expiry date of the Cooperation Period or the rescission or termination of the Property Exclusive Sales Cooperation Agreement, the Group is still entitled to a full refund of the entire Earnest Money (i.e. RMB190,300,000) from Xinyuan Real Estate Group.

Default and Termination

In the event of a breach of any of the obligations or undertakings of Xinyuan Real Estate Group under the Property Exclusive Sales Cooperation Agreement, or in the reasonable opinion of the Group, Xinyuan Real Estate Group is unable to continue to fulfil its obligations under the Property Exclusive Sales Cooperation Agreement, the Group shall have the right to rescind and terminate the Property Exclusive Sales Cooperation Agreement immediately. If Xinyuan Real Estate Group fails to duly refund the Earnest Money, a default interest shall be payable to the Group at the 1-year loan prime rate announced by the People’s Bank of China for the same period (the interest period of the aforementioned interest rate shall be calculated from the date on which the Group actually pays the relevant Earnest Money up to the date on which such Earnest Money is actually refunded by Xinyuan Real Estate Group). If the payment of the relevant refund is overdue for more than 15 working days, the Group shall have the right to rescind the Property Exclusive Sales Cooperation Agreement immediately and require Xinyuan Real Estate Group to refund all the outstanding Earnest Money and pay all default interest arising therefrom within 7 working days after the issue of written notice of termination.

Information on the Designated Property

The Designated Property include 5 Commercial Stores which are completed as of 31 July 2021 (i.e. the valuation date); and 817 Apartments, and 678 Car Parking Spaces which are under construction by Xinyuan Real Estate Group located at the residential properties developed by Xinyuan Real Estate Group in the PRC (the “**Residential Properties**”). The specific locations and the corresponding Designated Property are as follows:

Location	Status	Number of properties	Expected completion date
Commercial Stores			
Project Xinyuan Xincheng, Zhengzhou, Henan Province	Completed	5	N/A
Apartments			
Project Guoji Xincheng, Zhengzhou, Henan Province	Under development	817	30 March 2023
Car Parking Spaces			
Project Xinyuanfu, Zhengzhou, Henan Province	Under development	678	30 April 2023

REASONS FOR AND BENEFITS OF THE PROPERTY EXCLUSIVE SALES COOPERATION AGREEMENT

Due to the impact of the pandemic since early 2020, the Group's value-added services, cost management, and market expansion were all affected to a certain extent. In 2021, the Group is still on the lookout for property management service providers that are suitable for acquisition or investment on a prudent basis, in order to maximise the returns for the Company and its Shareholders. In addition, the Group is still on the lookout for the value-added services business providers and contractors to expand the types of value-added services that can be provided by the Group, and the Group has repeatedly carried out research on the relevant market and discussions with potential partners of their value-added services business line. However, there is no suitable target available neither for acquisition or investment on a prudent basis nor value-added services business providers and contractors. During the year 2021, the Group continues to look for any possible ways to enhance the Group's income stream and increase the Group's profitability, therefore, the Group continues to develop its core businesses, they are: provision of property management services, value-added services and pre-delivery and consulting services.

The Group has been dedicated in becoming a leading diversified property management services provider in the PRC. We develop a series of comprehensive, tailor-made and quality services based on the changing needs of our customers including developers, property owners and occupants. Given the daily community and living needs of property owners and occupants of all ages, the Group offers and develops its services from three main aspects of common area resources management, home living services and asset management. Through the cooperation with different parties together with the professional services provided by our on-site staff and the strengths of our information technology platform, we provide various types of services to our property owners, occupants or their property assets in order to establish a diversified community value-added services system, thereby further enhancing the living experience and quality of life of property owners and occupants.

The Exclusive Sales Cooperation between the Group and Xinyuan Real Estate Group enables the Group to have substantial profits by making use of its existing in-house technologies and skilled staff, as well as enabling the Group to capture more market shares in the PRC. The Board believes that the Group can leverage on the market information (including but not limited to the demands of owners and occupants towards the Designated Property) obtained from the information technology platform established for the Group's management on the Residential Properties and community resources to sell the Designated Property. The Group can thus provide the required services to the relevant buyers during the sale and purchase of the Designated Property and charge the service fees which are determined at the absolute discretion of the Group, pursuant to the rights provided under the Property Exclusive Sales Cooperation Agreement, thereby broadening the income base of the Group and bringing valuable returns for our Shareholders.

The terms of the Property Exclusive Sales Cooperation Agreement are determined between the parties after arm's length negotiations. Taking into account the above, the Directors (other than the independent non-executive Directors, whose views and opinions will be included in the circular to be despatched to the Shareholders) are of the opinion that the terms and conditions of the Property Exclusive Sales Cooperation Agreement are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, and are in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE GROUP

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

As at the date of this announcement, Xinyuan Real Estate Holdings is indirectly interested in 52.86% of the issued Shares in the Company, and is the controlling shareholder of the Company.

INFORMATION ON XINYUAN REAL ESTATE GROUP

Xinyuan Real Estate Group is a property developer founded by Mr. Zhang Yong, the chairman of our Board and one of our non-executive Directors, in 1997 and has been dedicated to developing real estate properties with quality and innovative technology. Xinyuan Real Estate Group has been primarily focusing its businesses in the PRC and currently operates in 20 cities over the PRC. Xinyuan Real Estate Group focuses on developing large scale quality residential projects with the aim of providing middle-class consumers with a comfortable and convenient community life. In addition to the residential projects, Xinyuan Real Estate Group has also developed and is operating and managing several shopping malls in the PRC. In addition to the PRC market, Xinyuan Real Estate Group also keeps exploring opportunities globally to expand its operation to overseas markets (including several cities in the United States, the United Kingdom and Malaysia). The shares in Xinyuan Real Estate Holdings have been listed on the New York Stock Exchange (stock code: XIN) for trading since December 2007. As of 30 June 2021, Mr. Zhang Yong is beneficially interested in 29.48% of the issued shares of Xinyuan Real Estate Holdings, and Ms. Yang Yuyan, one of our non-executive Directors, may be deemed to be beneficially interested in all the shares of Xinyuan Real Estate Holdings held directly or indirectly by The Spectacular Stage Trust (equivalent to 26.51% of the issued shares of Xinyuan Real Estate Holdings).

LOAN AGREEMENT

Date

27 September 2021 (after trading hours)

Parties

- (1) Xinyuan Science (as the lender);
- (2) Henan Xinyuan Real Estate (as the borrower); and
- (3) Xinyuan (China) (as the guarantor).

Loan Amount

Xinyuan Science agreed to provide a loan up to RMB200 million to Henan Xinyuan Real Estate.

Use of the Loan

Henan Xinyuan Real Estate shall use the entire amount borrowed under the Loan Agreement for general corporate purposes and for supplementary liquidity purposes.

Interest

Interest shall be accrued on the outstanding principal of the Loan at the rate of 8% per annum starting from the Disbursement Date (as defined below) and ending on the date of full payment of the Loan (the “**Repayment Date**”). Interest under the Loan Agreement shall be calculated on the basis of the actual number of days elapsed in a 365-day year. Interest shall be calculated by multiplying the outstanding principal amount of the Loan at the end of the Repayment Date by the daily interest rate on such day, and the daily interest rate shall be calculated by dividing the prevailing annual interest rate of the Loan on such day by 365.

Disbursement

The Lender will make a one-time disbursement to the Borrower in amount of RMB200 million on a date designated by the Lender, which shall be within the three working days upon the approval of the Loan Agreement and the transactions contemplated thereunder by the EGM (the “**Disbursement Date**”).

Repayment

Unless otherwise agreed between the parties, the Loan and all accrued Interest thereon shall be repaid in full on the second anniversary from the Disbursement Date. Henan Xinyuan Real Estate may repay the Loan in whole or in part to Xinyuan Science at any time before the Repayment Date (the “**Early Repayment Date**”) without penalty by giving prior written notice of not less than 5 days to Xinyuan Science before the repayment. The interest on repayment of the Loan shall be calculated for the period between the Disbursement Date and the Early Repayment Date.

Guarantee

Xinyuan (China) hereby irrevocably, unconditionally, jointly and severally:

- (i) warrants to Xinyuan Science that Henan Xinyuan Real Estate shall fulfill all obligations and pay all payable amounts under or in connection with the Loan Agreement on time;
- (ii) undertakes to Xinyuan Science that, so long as Henan Xinyuan Real Estate has not paid any amount due under the Loan Agreement, Xinyuan (China) shall pay such amount immediately upon demand, as if it were the principal debtor;
- (iii) indemnifies Xinyuan Science against any cost, loss or liability suffered by Xinyuan Science if any obligation or payment guaranteed by it becomes unenforceable, invalid or illegal. Such costs, losses or liabilities shall be indemnified in an amount equal to the amount that Xinyuan Science would otherwise be entitled to recover.

Term

The Loan Agreement shall be effective from the working day agreed between the parties upon the fulfillment or waiver (if applicable) of the below conditions (the “**Loan Effective Date**”) and in force until the date of repayment of the entire Loan and the interest thereon by Henan Xinyuan Real Estate or Xinyuan (China) to Xinyuan Science.

Conditions Precedent

The transactions contemplated under the Loan Agreement are subject to the fulfillment (or waiver) of the following condition on or before the Loan Effective Date:

- (i) the parties to the Loan Agreement having obtained each necessary (a) internal authorisation (including, but not limited to the shareholders’ resolutions and/or the board resolutions as required by the constitutional documents or the PRC Company Law) and (b) external consent, permit, approval, registration, filing, notice, confirmation or waiver (if applicable), for the Loan Agreement and transactions contemplated thereunder, and such authorization or waiver not having been revoked or withdrawn.

If the above conditions are not fulfilled or waived (if applicable) on or before the Disbursement Date, the Loan Agreement and the transactions contemplated thereunder shall cease and terminate on the Disbursement Date.

REASONS FOR AND BENEFITS OF THE LOAN

The Company has relatively sufficient liquidity and the entering into of the short-term Loan Agreement allows it to enhance its income from idle funds.

As mentioned in this announcement above, due to the impact of the pandemic since early 2020, there is no suitable target available neither for acquisition or investment on a prudent basis nor value-added services business providers and contractors. The Group has no demand on cash for investments on any acquisition or partnership arrangement up to the date of this announcement, and therefore, the Loan Agreement enables the Group to earn the interest income from the idle cash of the Group, for covering the operating costs of the Group. Further, as the loan is a medium-term interest bearing loan, this enhances the Group's flexibility on managing their cash-flow in medium-term.

The Directors (including the independent non-executive Directors) believe that the Loan Agreement provides stable income and flexibility of cash-flow management to the Group. Other than the Loan Agreement, the Group is unable to find any other similar investment arrangements with similar returns and acceptable and comparatively low risk, up to the date of this announcement.

The Directors (other than the independent non-executive Directors, whose views and opinions will be included in the circular to be despatched to the Shareholders) are of the opinion that the terms of the Loan Agreement are on normal commercial terms, are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

Xinyuan Science

The principal activities of Xinyuan Science are the provision of property management services, value-added services and pre-delivery and consultation services. Xinyuan Science is an indirect wholly-owned subsidiary of the Company.

Henan Xinyuan Real Estate

The principal activities of Henan Xinyuan Real Estate are real estate development and operation, the sale of ancillary services and facilities, and property leasing. Henan Xinyuan Real Estate is a wholly-owned subsidiary of Xinyuan (China), and all of its shares are indirectly held by Xinyuan Real Estate Holdings, the controlling shareholder of the Company.

Xinyuan (China)

The principal activities of Xinyuan (China) include real estate development and operation, real estate information consultation, corporate management consultation, and corporate marketing and planning. All the shares of Xinyuan (China) are indirectly held by Xinyuan Real Estate Holdings, the controlling shareholder of the Company.

LISTING RULES IMPLICATIONS

Property Exclusive Sales Cooperation Agreement

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As at the date of this announcement, Xinyuan Real Estate Holdings is indirectly interested in 52.86% of the issued Shares in the Company, and is the controlling shareholder of the Company. Therefore, Xinyuan Real Estate Holdings and its associates are connected persons of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the Property Exclusive Sales Cooperation Agreement constitute a connected transaction of the Company.

Pursuant to the Rules 14A.81 and 14A.82 of the Listing Rules, the Property Exclusive Sales Cooperation Agreement and the Car Parking Space Exclusive Sales Cooperation Agreement shall be aggregated as if they were one transaction because they were entered into within a 12-month period by the Company with parties who are connected with one another. Upon aggregation, as the highest applicable percentage ratio is more than 5%, the transactions contemplated under the Property Exclusive Sales Cooperation Agreement are therefore subject to the requirements for reporting, announcement and approval by the Independent Shareholders under Chapter 14A of the Listing Rules.

Loan Agreement

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As at the date of this announcement, Xinyuan Real Estate Holdings is one of the controlling shareholders of the Company and is indirectly interested in 52.86% of the issued Shares of the Company. As Henan Xinyuan Real Estate is the indirect wholly-owned subsidiary of Xinyuan Real Estate Holdings, Henan Xinyuan Real Estate is a connected person of the Company, and thus the Loan Agreement constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

Pursuant to the Rules 14A.81 and 14A.82 of the Listing Rules, the Loan Agreement and the Previous Loan Agreement shall be aggregated as if they were one transaction because they were entered into within a 12-month period by the Company with parties who are connected with one another. Upon aggregation, as the highest applicable percentage ratio is more than 5%, the transactions contemplated under the Loan Agreement are therefore subject to the requirements for reporting, announcement and approval by the Independent Shareholders under Chapter 14A of the Listing Rules.

GENERAL

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

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve, among others, (a) the Property Exclusive Sales Cooperation Agreement and the transactions contemplated thereunder; and (b) the Loan Agreement and the transactions contemplated thereunder. Xinyuan Real Estate Holdings and its associates will abstain from voting on the resolutions in respect of (a) the Property Exclusive Sales Cooperation Agreement and the transactions contemplated thereunder; and (b) the Loan Agreement and the transactions contemplated thereunder at the EGM.

As Mr. Zhang Yong, Ms. Yang Yuyan and Mr. Li Yifan are also the directors of Xinyuan Real Estate Holdings, they have abstained from voting on the resolutions in respect of (a) the Property Exclusive Sales Cooperation Agreement and the transactions contemplated thereunder; and (b) the Loan Agreement and the transactions contemplated thereunder at the relevant Board meeting. Save as disclosed above, none of the other Directors has any material interest in (a) the Property Exclusive Sales Cooperation Agreement and the transactions contemplated thereunder; and (b) the Loan Agreement and the transactions contemplated thereunder, and none of them were required to abstain from voting on the resolutions considering and approving (a) the Property Exclusive Sales Cooperation Agreement and the transactions contemplated thereunder; and (b) the Loan Agreement and the transactions contemplated thereunder at the relevant Board meeting.

Since the Company needs more time to prepare the circular, it could not convene the EGM within 15 business days after publication of this announcement. A circular containing, amongst other things, (i) details of the Property Exclusive Sales Cooperation Agreement and the transactions contemplated thereunder; (ii) details of the Loan Agreement and the transactions contemplated thereunder; (iii) a letter from the Independent Board Committee containing its recommendations in respect thereof; (iv) a letter from the Independent Financial Advisor containing its advice to the Independent Board Committee and the Independent Shareholders; and (v) a notice of the EGM, will be dispatched to the Shareholders on or before 12 November 2021.

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

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context otherwise requires.

“Apartments”	has the meaning ascribed to it under the sub-heading “Information on the Designated Property” in this announcement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Car Parking Space(s)”	the title of a car parking space or the right to occupy, use, lease and profit from a car parking space until the expiry of the land use rights of the relevant properties
“Car Parking Space Exclusive Sales Cooperation Agreement”	the car parking space exclusive sales cooperation agreement dated 17 September 2020 and entered into between Xinyuan Real Estate Holdings and the Company
“Commercial Stores”	has the meaning ascribed to it under the sub-heading “Information on the Designated Property” in this announcement

“Company”	Xinyuan Property Management Service (Cayman) Ltd. (鑫苑物業服務集團有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1895)
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Cooperation Period”	has the meaning ascribed to it under the sub-heading “Conditions Precedent” for the Property Exclusive Sales Cooperation Agreement in this announcement
“Co-Sales Value-Added Service Fees”	has the meaning ascribed to it under the sub-heading “Exclusive Sales Cooperation” in this announcement
“Designated Property”	the property on which the Exclusive Sales Cooperation was carried out by the parties under the Property Exclusive Sales Cooperation Agreement
“Directors”	the directors of the Company
“Earnest Money”	has the meaning ascribed to it under the sub-heading “Earnest Money” in this announcement
“Effective Date”	has the meaning ascribed to it under the sub-heading “Conditions Precedent” for the Property Exclusive Sales Cooperation Agreement in this announcement
“EGM”	the extraordinary general meeting to be convened by the Company for the Independent Shareholders to consider and, if thought fit, approve, amongst other things, the Property Exclusive Sales Cooperation Agreement, the Loan Agreement and the transactions contemplated thereunder
“Exclusive Sales Cooperation”	the sales cooperation arrangement between the parties in relation to the Designated Property as set out in the Property Exclusive Sales Cooperation Agreement, as described under the sub-heading “Exclusive Sales Cooperation” in this announcement
“Exclusive Sales Right”	has the meaning ascribed to it under the sub-heading “Exclusive Sales Right” in this announcement

“Group”	the Company and its subsidiaries
“Henan Xinyuan Real Estate”	Henan Xinyuan Real Estate Co., Ltd. (河南鑫苑置業有限公司)
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board, consisting of the independent non-executive Directors who are not the directors of Xinyuan Real Estate Holdings, established to provide advice to the Independent Shareholders in respect of the terms of (a) the Property Exclusive Sales Cooperation Agreement and the transactions contemplated thereunder and (b) the Loan Agreement and the transactions contemplated thereunder
“Independent Financial Advisor”	Giraffe Capital Limited, a licensed corporation under the SFO to carry on 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 (a) the Property Exclusive Sales Cooperation Agreement and the transactions contemplated thereunder and (b) the Loan Agreement and the transactions contemplated thereunder
“Independent Shareholders”	shareholders of the Company, excluding Xinyuan Real Estate Holdings and its associates
“Independent Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, our property valuer and an independent third party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China (excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement)

“Previous Loan Agreement”	the loan agreement dated 13 August 2021 entered into between Xinyuan Science as the lender, Henan Xinyuan Real Estate as the borrower and Xinyuan (China) as guarantor
“Property Exclusive Sales Cooperation Agreement”	the property exclusive sales cooperation agreement dated 27 September 2021 entered into between Xinyuan Real Estate Holdings and the Company
“Property Reserve Price”	has the meaning ascribed to it under the sub-heading “Exclusive Sales Cooperation” in the announcement
“Residential Properties”	has the meaning ascribed to it under the sub-heading “Information on the Designated Property” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	holders of the Shares
“Shares”	the ordinary shares of HK\$0.00001 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Total Property Reserve Price”	has the meaning ascribed to it under the sub-heading “Earnest Money” in this announcement
“Xinyuan (China)”	Xinyuan (China) Real Estate, Ltd. (鑫苑(中國)置業有限公司)
“Xinyuan Real Estate Group”	Xinyuan Real Estate Holdings and its subsidiaries (excluding the Group for the purpose of the Property Exclusive Sales Cooperation Agreement)

“Xinyuan Real Estate Holdings”	Xinyuan Real Estate Co., Ltd. (鑫苑地產控股有限公司), a company incorporated with limited liability in the Cayman Islands on 26 March 2007, the shares of which are listed on the New York Stock Exchange (stock code: XIN), and one of the controlling shareholders of the Company
“Xinyuan Science”	Xinyuan Science and Technology Service Group Co., Ltd. (鑫苑科技服務集團有限公司), an indirect wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 27 September 2021

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