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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)

NON-COMPLIANCE OF LISTING RULES IN RELATION TO CONNECTED TRANSACTIONS CONDUCTED WITH XINYUAN REAL ESTATE HOLDINGS CO., LTD.

CONNECTED TRANSACTIONS

The Board hereby announces that, during the period from 28 June 2020 to 24 February 2021, the Company and its subsidiaries had several transactions with Xinyuan Real Estate Holdings and its subsidiaries, which constitute connected transactions under the Listing Rules. As at the date of this announcement, the relevant amounts have been fully repaid, and have not had any material adverse impact on the interests of the shareholders of the Company. Details of the relevant transactions are set out in the 2020 Annual Report published on 23 September 2021 and the 2021 Interim Report published on 22 October 2021 by the Company.

LISTING RULE IMPLICATIONS

Pursuant to Rule 14.04 of the Listing Rules, the transactions between the Company and its subsidiaries and Xinyuan Real Estate Holdings and its subsidiaries constitute transactions of the Company. Pursuant to Rules 14.22 and 14.23 of the Listing Rules, the payments made by the Company and its subsidiaries to Xinyuan Real Estate Holdings and its subsidiaries should be aggregated because they were entered into within the same 12-month period as the provision of financial assistance disclosed in the Company's announcement dated 12 January 2022. Upon aggregation of the transactions, as one or more applicable percentage ratios are more than 25% but are less than 75%, the transactions constitute a major transaction of the Company under Chapter 14 of the Listing Rules, and are subject to the reporting, announcement, and shareholders' approval requirements under Chapter 14 of the Listing Rules.

At the material time of the transactions, Xinyuan Real Estate Holdings was indirectly interested in more than 50% of the issued Shares of the Company, and was a controlling shareholder of the Company. Therefore, Xinyuan Real Estate Holdings and its associates were connected persons of the Company under Chapter 14A of the Listing Rules, and the payments and receipts by the Company to connected parties constitute connected transactions of the Company. As the receipts were not conducted on normal commercial terms or better, the exemption under Rule 14A.90 of the Listing Rules is not applicable and the amounts are subject to the reporting, announcement, and independent shareholders' approval requirements. Upon aggregation of the relevant transactions relating to the payments, as one or more applicable percentage ratios are more than 5%, the transactions are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As the relevant amounts have been fully repaid, the Board will not submit the transactions for approval by the Independent Shareholders of the Company.

INTRODUCTION

The Board hereby announces that, during the period from 28 June 2020 to 24 February 2021, the Company and its subsidiaries had several transactions with Xinyuan Real Estate Holdings and its subsidiaries, which constitute connected transactions under the Listing Rules. As at the date of this announcement, the relevant amounts have been fully repaid, and have not had any material adverse impact on the interests of the shareholders of the Company. Details of the relevant transactions are set out in the 2020 Annual Report published on 23 September 2021 and the 2021 Interim Report published on 22 October 2021 by the Company.

AMOUNTS RECEIVED

First Transaction

Transaction details

Parties to the transaction

- (1) Henan Xinyuan Guangsheng;
- (2) Henan Xinyuan Real Estate; and
- (3) Xinyuan Science.

Transaction summary

In order to enhance the banking activity levels of the relevant subsidiaries of Xinyuan Real Estate Holdings to improve or maintain its customer status or credit rating with the relevant banks, Henan Xinyuan Guangsheng made a payment of RMB39,080,200 to Xinyuan Science on 28 June 2020. Subsequently on the same day, Xinyuan Science made a payment in the same amount of RMB39,080,200 to Henan Xinyuan Real Estate, another subsidiary of Xinyuan Real Estate Holdings. The transaction constituted a connected transaction between the Company and its connected persons.

Second Transaction

Transaction details

Parties to the transaction

- (1) Zhengzhou Kangshengboda;
- (2) Zhengzhou Shengdao; and
- (3) Xinyuan Science.

Transaction summary

In order to enhance the banking activity levels of the relevant subsidiaries of Xinyuan Real Estate Holdings to improve or maintain its customer status or credit rating with the relevant banks, Zhengzhou Kangshengboda made a payment of RMB11,893,500 to Xinyuan Science on 29 September 2020. Subsequently on the same day, Xinyuan Science made a payment in the same amount of RMB11,893,500 to Zhengzhou Shengdao, another subsidiary of Xinyuan Real Estate Holdings. The transaction constituted a connected transaction between the Company and its connected persons.

Third Transaction

Transaction details

Parties to the transaction

- (1) Henan Xinyuan Real Estate;
- (2) Zhengzhou Xinnan;
- (3) Henan Xinyuan Guangsheng; and
- (4) The Company.

Transaction summary

In order to enhance the banking activity levels of the relevant subsidiaries of Xinyuan Real Estate Holdings to improve or maintain its customer status or credit rating with the relevant banks, Henan Xinyuan Real Estate made a payment of RMB41,055,000 to Xinyuan Science on 24 February 2021. Subsequently on the same day, Xinyuan Science split the same amount of RMB41,055,000, and paid RMB27,544,992 and RMB13,510,008 to Zhengzhou Xinnan and Henan Xinyuan Guangsheng (both are subsidiaries of Xinyuan Real Estate Holdings), respectively. The transaction constituted a connected transaction between the Company and its connected persons.

AMOUNTS PAID

First and Second Transactions

Transaction details

Parties to the transaction

- (1) Qingning Apartment;
- (2) Xinyuan China;
- (3) Henan Xinyuan Guangsheng;
- (4) Xinyang Xinyuan; and
- (5) Xinyuan Science.

Transaction summary

On 4 January 2021, Xinyuan Science paid a total amount of RMB55,000,000 to Xinyuan China through Qingning Apartment. On 15 January 2021, Xinyuan Science paid an amount of RMB30,000,000 to Henan Xinyuan Guangsheng through Qingning Apartment. The aforementioned amounts are payments that will be ultimately paid to Xinyuan Real Estate Holdings under the Car Parking Space Exclusive Sales Cooperation Agreement, and the reasons for paying such amounts through Qingning Apartment was to help Qingning Apartment improve or maintain its customer status or credit rating with the relevant banks. At that time, the Company was of the view that, no additional corporate governance and information disclosure procedures were required to be carried out due to the fact that the Car Parking Space Exclusive Sales Cooperation Agreement had been approved by the Independent Shareholders. However, upon consulting its external advisors, the Company acknowledges that the payments mentioned above are not subordinate to the Car Parking Space Exclusive Sales Cooperation Agreement, as the direct recipient of the payment is Qingning Apartment instead of Xinyuan Real Estate Holdings or its subsidiaries as agreed in the Car Parking Space Exclusive Sales Cooperation Agreement. Therefore, the payment should have been subject to the announcement, reporting, circular and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules. At the time of making the payments mentioned above, no written agreements were entered into. On 25 March 2021, Xinyang Xinyuan returned the amount of RMB50,000,000 to Xinyuan Science, and on 19 April 2021, Xinyuan China returned the amount of RMB35,000,000 to Xinyuan Science through Qingning Apartment. As such, the total amount of RMB85,000,000 under the transaction has been fully repaid.

Third Transaction

Transaction details

Parties to the transaction

- (1) Xinyuan Real Estate Holdings;
- (2) South Glory International Limited; and
- (3) the Company.

Transaction summary

On 12 January 2021, Xinyuan Science paid an amount of HK\$120,000,000 to Xinyuan Real Estate Holdings as payment under the Car Parking Space Exclusive Sales Cooperation Agreement. At that time, the Company was of the view that, no additional corporate governance and information disclosure procedures were required to be carried out due to the fact that the Car Parking Space Exclusive Sales Cooperation Agreement had been approved by the Independent Shareholders. However, upon consulting its external advisors, the Company acknowledges that the payment was not in strict compliance with the Car Parking Space Exclusive Sales Cooperation Agreement, as the payment was made in Hong Kong dollars instead of RMB as agreed in the Car Parking Space Exclusive Sales Cooperation Agreement. Therefore, the payment should have been subject to the announcement, reporting, circular and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules. Accordingly, on 29 June 2021, Xinyuan Real Estate Holdings returned the amount of HK\$120,000,000 to the Company through South Glory International Limited, its subsidiary.

LISTING RULE IMPLICATIONS

Pursuant to Rule 14.04 of the Listing Rules, the transactions between the Company and its subsidiaries and Xinyuan Real Estate Holdings and its subsidiaries constitute transactions of the Company. Pursuant to Rules 14.22 and 14.23 of the Listing Rules, the payments made by the Company and its subsidiaries to Xinyuan Real Estate Holdings and its subsidiaries should be aggregated because they were entered into within the same 12-month period as the provision of financial assistance disclosed in the Company's announcement dated 12 January 2022. Upon aggregation of the transactions, as one or more applicable percentage ratios are more than 25% but are less than 75%, the transactions constitute a major transaction of the Company under Chapter 14 of the Listing Rules, and are subject to the reporting, announcement, and shareholders' approval requirements under Chapter 14 of the Listing Rules.

At the material time of the transactions, Xinyuan Real Estate Holdings was indirectly interested in more than 50% of the issued Shares of the Company, and was a controlling shareholder of the Company. Therefore, Xinyuan Real Estate Holdings and its associates were connected persons of the Company under Chapter 14A of the Listing Rules, and the payments and receipts by the Company to connected parties constitute connected transactions of the Company. As the receipts were not conducted on normal commercial terms or better, the exemption under Rule 14A.90 of the Listing Rules is not applicable and the amounts are subject to the reporting, announcement, and independent shareholders' approval requirements. Upon aggregation of the relevant transactions relating to the payments, as one or more applicable percentage ratios are more than 5%, the transactions are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As the relevant amounts have been fully repaid, the Board will not submit the transactions for approval by the Independent Shareholders of the Company.

INFORMATION ABOUT THE PARTIES

The Group

As one of the comprehensive property management services providers in the PRC, the Group offers a wide range of services covering the pre-delivery and post-delivery phases to property developers, property owners and property occupants for their enjoyment of community life, which can be categorised in three main business lines, namely, (i) property management services; (ii) value-added services; and (iii) pre-delivery and consulting services. As at the date of this announcement, Xinyuan Real Estate Holdings is indirectly interested in approximately 52.86% of the issued Shares in the Company, and is one of the controlling shareholders of the Company.

Xinyuan Real Estate Holdings

Xinyuan Real Estate Holdings and its subsidiaries are property developers 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. As at the date of this announcement, Mr. Zhang Yong is beneficially interested in approximately 30.18% of the issued shares of Xinyuan Real Estate Holdings, and Ms. Yang Yuyan, one of 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).

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.

Qingning Apartment

Qingning Apartment and its subsidiaries are principally engaged in the leasing of residential apartments. Qingning Apartment is held as to 51% equity interests by the Company and the remaining 49% equity interest is held by Mr. Li Yanhui (李燕輝). As the articles of association of Qingning Apartment provide that all significant and relevant matters, including its business operations and financial arrangements, require the approval by more than two-thirds of the shareholders' votes, the decisions on the business operations and financial arrangements of Qingning Apartment are made jointly by the Company and Mr. Li Yanhui. Qingning Apartment is by its nature a joint venture and not a subsidiary of the Company.

Xinyuan China

Xinyuan China is principally engaged in real estate development and operation, real estate information consultation, corporate management consultation, and corporate marketing and planning. Xinyuan China is an indirect wholly-owned subsidiary of Xinyuan Real Estate Holdings.

Henan Xinyuan Guangsheng

Henan Xinyuan Guangsheng is principally engaged in real estate development and operation, and the sales of ancillary services and facilities. Henan Xinyuan Guangsheng is an indirect wholly-owned subsidiary of Xinyuan Real Estate Holdings.

Zhengzhou Xinnan

Zhengzhou Xinnan is principally engaged in real estate development and operation, and the sales of ancillary services and facilities. Zhengzhou Xinnan is an indirect wholly-owned subsidiary of Xinyuan Real Estate Holdings.

Xingyang Xinyuan

Xingyang Xinyuan is principally engaged in real estate development and operation and property leasing. Xingyang Xinyuan is an indirect wholly-owned subsidiary of Xinyuan Real Estate Holdings.

Zhengzhou Kangshengboda

Zhengzhou Kangshengboda is principally engaged in real estate development and operation. Zhengzhou Kangshengboda is an indirect wholly-owned subsidiary of Xinyuan Real Estate Holdings.

Zhengzhou Shengdao

Zhengzhou Shengdao is principally engaged in real estate development and operation, and the sales of ancillary services and facilities. Zhengzhou Shengdao is an indirect wholly-owned subsidiary of Xinyuan Real Estate Holdings.

Henan Xinyuan Real Estate

Henan Xinyuan Real Estate is principally engaged in real estate development and operation, the sales of ancillary services and facilities, and property leasing. Henan Xinyuan Real Estate is an indirect wholly-owned subsidiary of Xinyuan Real Estate Holdings.

NON-COMPLIANCE OF LISTING RULES

The aforementioned transactions occurred between the period from 28 June 2020 to 24 February 2021. The aforementioned transactions failed to comply with Rules 14.34(2), 14.38A, 14.40, 14A.34, 14A.35 and 14A.36 of the Listing Rules, and have breached the requirements of the relevant provisions of Chapter 14 and Chapter 14A of the Listing Rules. These rules notably require publication of an announcement as soon as the terms of a discloseable transaction or connected transaction have been finalised; sending a circular to shareholders and the Stock Exchange to explain the details of a major transaction or connected transaction of the Company which should be subject to the approval of shareholders, conducting such transaction only upon the approval of shareholders and entering into written agreement for any connected transaction. As at the date of this announcement, the relevant amounts have been fully repaid, and have not had any material adverse impacts on the interests of the shareholders of the Company. The Board of the Company sincerely apologizes for the inconvenience caused to the shareholders of the Company in respect of the non-compliance.

The Company has appointed Moore Advisory Services Limited as the independent internal control consultant of the Company, and adopted relevant remedial measures with its assistance to improve the internal control procedures of the Company. The Company shall continue to enhance its internal control management and strictly control the audit regarding compliance and risk control matters of its businesses, thereby avoiding the re-occurrence of similar incidents. Going forward, the Company will continue to comply with the requirements under the Listing Rules, carry out relevant corporate governance procedures and make appropriate disclosure in a timely manner to ensure compliance with the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Car Parking Space Exclusive Sales Cooperation Agreement”	the Car Parking Space Exclusive Sales Cooperation Agreement entered into by the Company and Xinyuan Real Estate Holdings dated 17 September 2020 and approved by the Independent Shareholders of the Company on 9 November 2020
“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 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
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Henan Xinyuan Guangsheng”	Henan Xinyuan Guangsheng Real Estate Co., Ltd. (河南鑫苑廣晟置業有限公司), a limited liability company established in the PRC on 27 July 2015
“Henan Xinyuan Real Estate”	Henan Xinyuan Real Estate Co., Ltd. (河南鑫苑置業有限公司), a limited liability company established in the PRC on 19 May 1997
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	shareholders of the Company, excluding Xinyuan Real Estate Holdings, Mr. Zhang Yong, Ms. Yang Yuyan and their respective associates
“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, Macao and Taiwan for the purpose of this announcement)
“Qingning Apartment”	Henan Qingning Apartment Management Co., Ltd. (河南青寧公寓管理有限公司), a limited liability company established in the PRC on 20 April 2017
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xinyang Xinyuan”	Xinyang Xinyuan Real Estate Co., Ltd. (滎陽鑫苑置業有限公司), a limited liability company established in the PRC on 25 July 2013
“Xinyuan China”	Xinyuan (China) Real Estate, Ltd. (鑫苑(中國)置業有限公司), a limited liability company established in the PRC on 10 April 2006
“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, the shares of which are listed on the New York Stock Exchange (Stock Code: XIN), and a controlling shareholder 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), a limited liability company established in the PRC on 28 December 1998
“Zhengzhou Kangshengboda”	Zhengzhou Kangshengboda Real Estate Co., Ltd. (鄭州康盛博達房地產開發有限公司), a limited liability company established in the PRC on 29 July 2016
“Zhengzhou Shengdao”	Zhengzhou Shengdao Real Estate Co., Ltd. (鄭州晟道置業有限公司), a limited liability company established in the PRC on 14 October 2013

“Zhengzhou Xinnan”

Zhengzhou Xinnan Real Estate Co., Ltd. (鄭州鑫南置業有限公司), a limited liability company established in the PRC on 21 January 2016

“%”

per cent

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

Hong Kong, 29 March 2022

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