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

**鑫苑物業服務集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1895)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF 100% EQUITY INTEREST IN THE TARGET COMPANY**

Reference is made to the announcement of the Company dated 29 September 2020 in relation to, among other things, the Purchaser (an indirect wholly-owned subsidiary of the Company) being confirmed as the transferee to acquire 100% equity interest in the Target Company in a public bidding by the Chongqing Union Exchange.

#### **THE ACQUISITION**

The Board is pleased to announce that on 11 December 2020 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Vendor in relation to the Acquisition at the Consideration of RMB13,481,700. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company. Accordingly, the financial results of the Target Company will be consolidated into the financial statements of the Group.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceed(s) 5% but is/are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 29 September 2020 in relation to, among other things, the Purchaser (an indirect wholly-owned subsidiary of the Company) being confirmed as the transferee to acquire 100% equity interest in the Target Company in a public bidding by the Chongqing Union Exchange.

Pursuant to the terms of the bidding, the Purchaser would enter into the relevant transfer agreement with the Vendor at a transfer price not lower than the transfer reserve price of RMB13,481,700.

## **THE EQUITY TRANSFER AGREEMENT**

The Board is pleased to announce that on 11 December 2020 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement at the Consideration of RMB13,481,700.

Principal terms of the Equity Transfer Agreement are set out as follows:

### **Date**

11 December 2020

### **Parties**

- (i) Xinyuan Science and Technology Service Group Co., Ltd., an indirect wholly-owned subsidiary of the Company, as purchaser; and
- (ii) Chongqing General Machinery Industry Co. Ltd.\* (重慶通用機械工業有限公司), as vendor

As at the date of this announcement, the Target Company is owned as to 100% by the Vendor. The ultimate beneficial owner of the Vendor is Chongqing State-owned Assets Supervision and Administration Commission. To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner is an Independent Third Party.

### **Subject matter**

Pursuant to the Equity Transfer Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell 100% equity interest in the Target Company free from all Encumbrances, at the Consideration of RMB13,481,700.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company. Accordingly, the financial results of the Target Company will be consolidated into the financial statements of the Group.

### **Consideration**

The Consideration for the Acquisition, being RMB13,481,700, is a transfer price not lower than the transfer reserve price of RMB13,481,700, which is also the minimum bid price required by the State-owned Assets Supervision and Administration Commission of the State Council based on its internal valuation of the Target Company. After taking into account the net asset value of the Target Company and its view of the prospects of the property management services market in Chongqing, the PRC, the Board considers that the Consideration is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

### **Payment Terms**

Upon its registration to participate in the bidding process for the Acquisition, the Purchaser had paid a deposit of RMB4,000,000 (the “**Deposit**”) to the Chongqing Union Exchange. Such Deposit shall be used to offset part of the Consideration.

The Purchaser shall pay the remaining consideration of RMB9,481,700 in one lump sum in cash to an account designated by the Chongqing Union Exchange within 5 days after execution of the Equity Transfer Agreement. The Chongqing Union Exchange shall subsequently transfer the total Consideration of RMB13,481,700 to the Vendor. The Consideration will be settled in cash and funded by the portion of the IPO Net Proceeds which was allocated for the purpose of expanding the Group’s property management services, seeking strategic acquisition and investment opportunities as set out in the prospectus of the Group dated 25 September 2019.

### **Completion**

On entry of the Equity Transfer Agreement, Completion is not subject to any conditions.

After payment of the Consideration by the Purchaser to the Chongqing Union Exchange, and within 5 Business Days after the Chongqing Union Exchange has reviewed and issued the transaction certificate, the Vendor and Purchaser shall proceed to the registration of the transfer of 100% equity interest in the Target Company by the Vendor to the Purchaser at the relevant regulatory authorities. The date of Completion shall be the date on which such registration is completed.

## INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in the PRC with limited liability and is principally engaged in property management (excluding first-level), catering management, property sales, real estate inquiry services, waste collection, classification, storage, transport and management (excluding hazardous materials), comprehensive utilization of solid waste resources; greening garden engineering and greening maintenance management. As at the date of this announcement, the Target Company is directly wholly owned by the Vendor.

### Financial Information of the Target Company

According to the financial statements prepared by the Target Company under the accounting principles generally accepted in the PRC, the net profits (before and after taxation and extraordinary items) of the Target Company for the financial years ended 31 December 2018 and 31 December 2019 are set out as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2018</b>	<b>2019</b>
	<i>RMB</i>	<i>RMB</i>
Net profit before taxation and extraordinary items	658,100	973,684
Net profit after taxation and extraordinary items	471,388	991,183 <sup>Note</sup>

Based on the unaudited management accounts of the Target Company, the unaudited net asset value of the Target Company was RMB10,443,867 as at 30 June 2020.

*Note:* The Target Company recorded a deferred tax adjustment reducing the income tax expenses for the year ended 31 December 2019 by an amount of approximately RMB17,498, resulted from a reversal of provision of bad debt of approximately RMB69,993.

## INFORMATION OF THE VENDOR

The Vendor is a company incorporated in the PRC with limited liability. The Vendor is principally engaged in the import and export of goods and technology, manufacturing air-conditioning, oil refinery chemical equipment, contracting of construction engineering (second-level), building mechanical and electrical installation (first-level), electronic and intelligent engineering (second-level), building decoration (second-level), fire control facilities engineering (second-level) and municipal public works construction (third-level).

The ultimate beneficial owner of the Vendor is Chongqing State-owned Assets Supervision and Administration Commission. To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner is an Independent Third Party.

## **INFORMATION OF 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.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group has been actively expanding its scale of property management services through full entrustment, equity acquisitions and business cooperation. The Board is of the view that the Target Company has its regional value such that the Acquisition will help the Group enter the regional business market of Chongqing, and that the Target Company can integrate with the current business of the Group to further expand the scale and scope of its property management services for industrial properties.

Taking into account the above factors, the Directors consider that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceed(s) 5% but is/are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of 100% equity interest in the Target Company by the Purchaser from the Vendor in accordance with the terms of the Equity Transfer Agreement
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday in the PRC)

“Chongqing Union Exchange”	Chongqing Union Property Right Exchange Co, Ltd.* (重慶聯合產權交易所集團股份有限公司)
“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)
“Completion”	completion of the Acquisition pursuant to the Equity Transfer Agreement
“Consideration”	RMB13,481,700, being the consideration for the Acquisition payable by the Purchaser to the Vendor pursuant to the Equity Transfer Agreement
“Deposit”	has the meaning ascribed to it in the section headed “The Equity Transfer Agreement – Payment Terms” in this announcement
“Director(s)”	the director(s) of the Company
“Encumbrances”	any equity, right to acquire, option, right of pre-emption, mortgage, charge, pledge, lien, assignment, title retention or any other security interest, whether monetary or not, or any agreement or arrangement having similar effect
“Equity Transfer Agreement”	the equity transfer agreement dated 11 December 2020 and entered into between the Purchaser and the Vendor in respect of the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) not connected with the Company or its connected persons (as defined in the Listing Rules)
“IPO Net Proceeds”	the net proceeds received by the Company from its initial public offering on the Stock Exchange on 11 October 2019
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“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)
“Purchaser”	Xinyuan Science and Technology Service Group Co., Ltd., a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Shareholders”	holders of the Shares
“Share(s)”	ordinary share(s) of HK\$0.00001 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Chongqing Heavy-Duty Truck Group Hongqi Property Ltd.* (重慶重型汽車集團鴻企物業有限責任公司), a company incorporated in the PRC with limited liability and a direct wholly-owned subsidiary of the Vendor
“Vendor”	Chongqing General Machinery Industry Co., Ltd.* (重慶通用機械工業有限公司), an Independent Third Party
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 11 December 2020

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

\* *For identification purposes only*