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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)**

### **(I) CONNECTED TRANSACTION IN RELATION TO ENTERING INTO OF THE CAPITAL INJECTION AGREEMENT**

**AND**

### **(II) PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

**Placing Agent**



**國泰君安國際**  
GUOTAI JUNAN INTERNATIONAL

#### **THE CAPITAL INJECTION AGREEMENT**

The Board is pleased to announce that on 25 January 2021 (after trading hours), Xinyuan Science (an indirect wholly-owned subsidiary of the Company), Beijing I-Journey, Beijing Ruizhuo Chaoyun, Ms. Leung and Beijing Future Xinzhihui entered into the Capital Injection Agreement, pursuant to which, Xinyuan Science has agreed to inject capital in the sum of approximately RMB30,000,000 (equivalent to approximately HK\$36,000,000) into Beijing I-Journey, of which RMB10,000,000 (equivalent to approximately HK\$12,000,000) will be included in the registered capital of Beijing I-Journey and the remaining RMB20,000,000 (equivalent to approximately HK\$24,000,000) will be included in the capital reserve (資本公積金) of Beijing I-Journey.

Upon the Capital Injection Completion, the Company will indirectly hold 20% of the equity interest in Beijing I-Journey and Beijing I-Journey will not become a subsidiary of the Company.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Xinyuan Real Estate Co., Ltd. is indirectly interested in 54.60% of the issued Shares in the Company, and is one of the Controlling Shareholders of the Company.

As at the date of this announcement, Beijing I-Journey is beneficially owned by Xinyuan Real Estate Co., Ltd. as to approximately 95.12%, Beijing Ruizhuo Chaoyun is indirectly wholly-owned by Xinyuan Real Estate Co., Ltd., and Beijing Future Xinzhihui is indirectly beneficially owned as to 94.83% by Xinyuan Real Estate Co., Ltd.. Therefore, each of Beijing I-Journey, Beijing Ruizhuo Chaoyun and Beijing Future Xinzhihui is an associate of Xinyuan Real Estate Co., Ltd., and thus each a connected person of the Company. The Capital Injection therefore constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Capital Injection exceed 0.1% but all are less than 5%, the Capital Injection is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **THE PLACING AND SUBSCRIPTION AGREEMENT**

The Board is pleased to announce that on 25 January 2021 (after trading hours), the Company, the Vendor and the Placing Agent entered into the Placing and Subscription Agreement, pursuant to which (i) the Vendor has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as an agent of the Vendor to procure not less than six (6) Placées, on a best effort basis, to purchase up to 18,000,000 Placing Shares at the Placing Price; and (ii) the Vendor has agreed to subscribe for, and the Company has agreed to allot and issue to the Vendor, up to 18,000,000 Subscription Shares at the Subscription Price, in each case on the terms and subject to the conditions set out in the Placing and Subscription Agreement.

The number of Placing Shares represents (i) approximately 3.28% of the total number of Shares in issue as at the date of this announcement; and (ii) approximately 3.17% of the enlarged total number of Shares in issue upon the completion of the Subscription (assuming there will be no change in the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the allotment and issue by the Company of the Subscription Shares).

## **USE OF PROCEEDS**

The gross proceeds from the Subscription are expected to be HK\$37,800,000. The net proceeds from the Subscription (after deducting all relevant commission, fees, costs and expenses in connection with the Placing and the Subscription, including the Placing Agent's commission, stamp duty, the Stock Exchange trading fee and SFC transaction levy) are expected to be approximately HK\$37,160,000. The Subscription Price, after deducting such fees, costs and expenses, is estimated to be approximately HK\$2.06 per Subscription Share. The Company intends to apply the net proceeds from the Subscription in the manner detailed in the section headed "Reasons for the Placing and the Subscription and Use of Proceeds".

## **GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES**

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors pursuant to the resolutions of the Shareholders passed on 29 May 2020. As at the date of this announcement, 50,000,000 new Shares remain available for issuance under the General Mandate. Accordingly, the allotment and issue of the Subscription Shares is not subject to additional Shareholders' approval.

## **LISTING APPLICATION FOR THE SUBSCRIPTION SHARES**

Application will be made to the Listing Committee for granting the approval for the listing of, and permission to deal in, the Subscription Shares.

**Completion of the transactions contemplated under the Capital Injection Agreement is subject to the fulfilment of the conditions precedent set out therein and may or may not proceed. Completion of the transactions contemplated under the Placing and Subscription Agreement is subject to such agreement not being terminated in accordance with the terms thereof. In addition, completion of the Subscription is subject to the satisfaction of conditions precedent under the Placing and Subscription Agreement. Therefore, the Placing and/or the Subscription may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and other securities of the Company.**

## **I. THE CAPITAL INJECTION AGREEMENT**

The Board is pleased to announce that on 25 January 2021 (after trading hours), Xinyuan Science (an indirect wholly-owned subsidiary of the Company), Beijing I-Journey, Beijing Ruizhuo Chaoyun, Ms. Leung and Beijing Future Xinzhihui entered into the Capital Injection Agreement, pursuant to which, Xinyuan Science has agreed to inject capital in the sum of approximately RMB30,000,000 (equivalent to approximately HK\$36,000,000) into Beijing I-Journey.

The principal terms of the Capital Injection Agreement are set out below:

Date: 25 January 2021

- Parties:
- (a) Xinyuan Science and Technology Service Group Co., Ltd., an indirect wholly-owned subsidiary of the Company;
  - (b) Beijing I-Journey Science and Technology Development Co. Ltd.\* (北京愛接力科技發展有限公司);
  - (c) Beijing Ruizhuo Chaoyun Technology Group Co. Ltd.\* (北京瑞卓超雲科技集團有限公司);
  - (d) Ms. Leung Lai Shan; and
  - (e) Beijing Future Xinzhihui Technology Development Centre (Limited Partnership)\* (北京未來鑫智慧科技發展中心(有限合伙))

### **Capital Injection Amount**

As at the date of this announcement, the registered capital of Beijing I-Journey is RMB40,000,000 (equivalent to approximately HK\$48,000,000), and the total equity interest in Beijing I-Journey is directly held by Beijing Ruizhuo Chaoyun, Ms. Leung and Beijing Future Xinzhihui as to 24%, 1% and 75%, respectively.

Pursuant to the Capital Injection Agreement, Xinyuan Science agreed to make Capital Injection in the amount of RMB30,000,000 (equivalent to approximately HK\$36,000,000) into Beijing I-Journey, of which RMB10,000,000 (equivalent to approximately HK\$12,000,000) will be included in the registered capital of Beijing I-Journey and the remaining RMB20,000,000 (equivalent to approximately HK\$24,000,000) will be included in the capital reserve (資本公積金) of Beijing I-Journey.

The Company will fund the Capital Injection using the net proceeds from the Subscription.

### **Basis of the Capital Injection Amount**

The Capital Injection Amount was determined after arm's length negotiation among Xinyuan Science and the existing shareholders of Beijing I-Journey after taking into account, among others, (i) the valuation of the market value of 100% equity interest in Beijing I-Journey on non-control basis, being RMB120,525,000 as at 31 December 2020 as assessed by the Valuer; and (ii) the benefits to be derived from the investment in Beijing I-Journey through the Capital Injection, details are set out in the section headed "Reasons for and benefits of the Capital Injection".

## **Valuation of the market value of 100% equity interest in Beijing I-Journey**

The Company has engaged the Valuer to assess the valuation of the market value of 100% equity interest in Beijing I-Journey and issue an independent valuation report.

### ***Valuation approach and methodology***

The Valuer considered the relative advantages and disadvantages of each of the three generally accepted approaches, namely the market approach, the cost approach and the income approach to the nature and circumstances of Beijing I-Journey and are of the view that (i) the cost approach is inappropriate for valuing Beijing I-Journey, as it does not directly incorporate information about the economic benefits contributed by Beijing I-Journey; and (ii) the income approach is not the most optimal approach as it involves long-term financial projections and the adoption of numerous assumptions, not all of which can be easily quantified or ascertained.

In view of the above, the Valuer therefore relied on the market approach in determining the market value of equity interest in Beijing I-Journey. The guideline public company method under the market approach is adopted, which requires the research of comparable companies' benchmark multiples and selection of an appropriate multiple.

### ***Valuation price multiples***

In order to reflect the latest financial performance and position of Beijing I-Journey, it is considered that the suitable multiple in this valuation is the Forward Price to Sales ratio (the "**Forward P/S Ratio**"), which is defined as the current stock price over the predicted sales per share of Beijing I-Journey for financial year 2021. According to the management of the Company, Beijing I-Journey's revenue will start growing significantly in 2021 and therefore, the current price multiples cannot reflect the value of Beijing I-Journey appropriately. The Valuer believed that the Forward P/S ratio best captures the value of Beijing I-Journey because it takes its forecasted revenue into consideration. Accordingly, the Forward P/S ratio has been adopted to calculate the market value of 100% equity interest in Beijing I-Journey.

Under the guideline public company method, in determining the financial multiple, a list of comparable companies was identified. The selection criteria include the following:

- (i) the companies are publicly listed on the Stock Exchange, Shanghai Stock Exchange or Shenzhen Stock Exchange;
- (ii) the companies's shares have been actively traded no less than six months;
- (iii) the companies mainly operate in the PRC;

- (iv) sufficient data, including the Forward P/S Ratio, on the companies are available as at 31 December 2020; and
- (v) the companies mainly engage in Internet of Things (IoT) industry with the characteristics below:
  - 1. sources of income are mainly software and services;
  - 2. the service is targeted at a specific scenario (e.g., community, campus, and park);
  - 3. capability of providing solutions for industries;
  - 4. having an internet platform with community attributes; and
  - 5. services are combined with intelligent hardware.

Based on the abovementioned, the Valuer has therefore identified three comparable listed companies. The Valuer considered that each of these comparable companies is fair and representative for the purpose of valuing the market value of 100% equity interest in Beijing I-Journey.

### ***Assumptions***

The principal assumptions applied in deriving the market value of 100% equity interest in Beijing I-Journey are set out below:

- (i) there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of Beijing I-Journey;
- (ii) the operational and contractual terms stipulated in the relevant contracts and agreements will be honoured;
- (iii) the facilities and systems proposed are sufficient for future expansion in order to realise the growth potential of the business and maintain a competitive edge;
- (iv) the financial and operational information provided by Beijing I-Journey and the Company is accurate and such information is relied to a considerable extent on in arriving at the opinion of value, and the relevant legal qualifications and the financial information and assumptions provided by the management have not verified;
- (v) the capital structure of Beijing I-Journey will not change; and
- (vi) there are no hidden or unexpected conditions associated with Beijing I-Journey that might adversely affect the reported values.

### ***Board's view on the determination of the market value of Beijing I-Journey***

The Board has reviewed and assessed the suitability of the comparable companies selected by the Valuer and therefore agreed with the Valuer's view on the comparable companies selected. As such, the Company is satisfied that the Valuer has used its best effort to conduct a global and exhaustive search to select the most relevant and representative comparable companies with reliable and verifiable market data.

Accordingly, the Board is of the view that the valuation of 100% equity interest in Beijing I-Journey in determining the Capital Injection Amount is fair and reasonable.

### **Conditions precedent**

The Capital Injection Completion is conditional upon the fulfillment of the following conditions precedent:

- (i) all representation and warranties given by all the parties under the Capital Injection Agreement remaining true, accurate, complete and not misleading in all material respects at all times between the date of the Capital Injection Agreement and the Capital Injection Completion Date;
- (ii) between the date of the Capital Injection Agreement and the Capital Injection Completion Date, there being no events or circumstances that should or may have any material adverse effect on the business, technology, legal and financial respects of Beijing I-Journey, including but not limited to, litigation procedures, arbitration procedures, tax inspections, tax penalties or any investigation or penalty procedures conducted by other government departments that are against Beijing I-Journey and will have a material adverse effect on the business operation or financial conditions of Beijing I-Journey;
- (iii) Beijing I-Journey, Beijing Ruizhuo Chaoyun, Beijing Future Xinzhihui and Xinyuan Science having completed their internal review procedures regarding the implementation of the Capital Injection Agreement and having issued the relevant resolution documents in accordance with the laws;
- (iv) Beijing Ruizhuo Chaoyun, Ms. Leung and Beijing Future Xinzhihui having agreed in writing with the subscription for the newly increased registered capital of Beijing I-Journey through the Capital Injection by Xinyuan Science such that it will acquire 20% equity interest in Beijing I-Journey after the Capital Injection Completion, and having waived the pre-emptive right to subscribe for the newly increased registered capital of Beijing I-Journey;
- (v) Xinyuan Science being satisfied with the results of due diligence review on the business, finance and legal respects of Beijing I-Journey;

- (vi) the Vendor having subscribed for 18,000,000 Shares in accordance with the Placing and Subscription Agreement by way of top-up subscription, and the net proceeds from the Subscription received by the Company having been successfully transferred to Xinyuan Science's designated bank account; and
- (vii) Beijing I-Journey, Beijing Ruizhuo Chaoyun, Ms. Leung and Beijing Future Xinzhihui having confirmed in writing to Xinyuan Science with relevant supporting documents that all the above conditions precedent (unless such condition precedent shall be confirmed by Xinyuan Science based on its nature) have been fulfilled.

### **Capital Injection Completion**

Subject to the fulfilment of the condition precedents, the Capital Injection Completion shall take place on the date of the Capital Injection Completion Date.

Upon the Capital Injection Completion, the registered capital of Beijing I-Journey will be increased from RMB40,000,000 (equivalent to approximately HK\$48,000,000) to RMB50,000,000 (equivalent to approximately HK\$60,000,000). Accordingly, Beijing Ruizhuo Chaoyun, Ms. Leung, Beijing Future Xinzhihui and Xinyuan Science will directly hold 19.2%, 0.8%, 60% and 20% equity interest in Beijing I-Journey respectively. Therefore, the Company will indirectly hold 20% of the equity interest in Beijing I-Journey and Beijing I-Journey will not become a subsidiary of the Company.

### **INFORMATION OF THE GROUP AND XINYUAN SCIENCE**

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.

Xinyuan Science is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the provision of property management services, value-added services and pre-delivery and consulting services in the PRC.

### **INFORMATION OF BEIJING I-JOURNEY**

Beijing I-Journey is a company established in the PRC with limited liability. It is principally engaged in developing artificial intelligence and Internet of Things (IOT) technologies with the aim of providing the real estate industry with intelligent solutions such as smart communities and smart homes to improve the quality of communities.



As at the date of this announcement, the total equity interest in Beijing I-Journey is directly held by Beijing Ruizhuo Chaoyun, Ms. Leung and Beijing Future Xinzhihui as to 24%, 1% and 75%, respectively. As at the date of this announcement, Beijing I-Journey is beneficially owned by Xinyuan Real Estate Co., Ltd., one of the Controlling Shareholders of the Company, as to approximately 95.12% through its indirect interest in Beijing Ruizhuo Chaoyun and Beijing Future Xinzhihui. Please refer to the section headed “Information of the Shareholders of Beijing I-Journey” for further details.

### **Financial information of Beijing I-Journey**

According to the financial statements prepared by Beijing I-Journey under the accounting principles generally accepted in the PRC, the net profits (before and after taxation and extraordinary items) of Beijing I-Journey 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>
	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before taxation and extraordinary items	(30,882)	(30,536)
Net profit after taxation and extraordinary items	(30,882)	(30,536)

Based on the audited accounts of Beijing I-Journey, the audited total net liabilities of Beijing I-Journey was approximately RMB60,476,000 as at 31 December 2019.

A valuation of the market value of 100% equity interest in Beijing I-Journey on non-control basis was RMB120,525,000 as at 31 December 2020 as assessed by the Valuer.

## **INFORMATION OF THE SHAREHOLDERS OF BEIJING I-JOURNEY**

### **Beijing Ruizhuo Chaoyun**

Beijing Ruizhuo Chaoyun is a company established in the PRC with limited liability. Its scope of business includes but not limited to technology development and technology consulting.

As at the date of this announcement, Beijing Ruizhuo Chaoyun is indirectly wholly-owned by Xinyuan Real Estate Co., Ltd., one of the Controlling Shareholders of the Company. The shares in Xinyuan Real Estate Co., Ltd. have been listed on the New York Stock Exchange (Stock Code: XIN) for trading since December 2007. As at the date of this announcement, Mr. Zhang Yong, the chairman of the Board and a non-executive Director, is beneficially interested in 26.90% of the issued shares of Xinyuan Real Estate

Co., Ltd., and Ms. Yang Yuyan, a non-executive Director, is deemed to be beneficially interested in all the shares of Xinyuan Real Estate Co., Ltd. held directly or indirectly by The Spectacular Stage Trust (equivalent to 25.75% of the issued shares of Xinyuan Real Estate Co., Ltd.).

### **Ms. Leung**

Ms. Leung is a resident in Hong Kong. To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, Ms. Leung is an Independent Third Party.

### **Beijing Future Xinzhihui**

Beijing Future Xinzhihui is a limited partnership established in the PRC. It is a shares incentive scheme holding platform for the partners of Beijing Future Xinzhihui.

As at the date of this announcement, Beijing Future Xinzhihui is directly and indirectly owned as to 94.83% by Beijing Ruizhuo Chaoyun. Accordingly, Beijing Future Xinzhihui is indirectly beneficially owned by Xinyuan Real Estate Co., Ltd., one of the Controlling Shareholders of the Company, as to approximately 94.83% through its indirect interest in Beijing Ruizhuo Chaoyun. Please refer to the information of Beijing Ruizhuo Chaoyun disclosed above for details of the shareholding structure of Beijing Ruizhuo Chaoyun. Each of the remaining partners of Beijing Future Xinzhihui respectively holds not more than 5% equity interest in Beijing Future Xinzhihui.

### **INFORMATION OF THE OPCO**

The OPCO is a company established in the PRC with limited liability. It is principally engaged in the operation of an intelligence platform through cloud community applets for value-added telecommunications business.

### **OPCO Registered Shareholders**

As at the date of this announcement, the OPCO Registered Shareholders and their respective shareholding in the OPCO are as follows:

	<b>% of equity interest held</b>
Mr. Zhang Yong	99.90%
Beijing Xinyuan Xin Technology	0.10%
	<hr/>
Total	100%
	<hr/> <hr/>

Mr. Zhang Yong is the chairman of the Board and a non-executive Director.

Beijing Xinyuan Xin Technology is a company established in the PRC with limited liability. Its scope of business includes but not limited to technology development and technology consulting. As at the date of this announcement, the entire equity interest in Beijing Xinyuan Xin Technology is directly owned by Mr. Zhang Yong.

### **Financial information of the OPCO**

According to the financial statements prepared by the OPCO under the accounting principles generally accepted in the PRC, the net profits (before and after taxation and extraordinary items) of the OPCO for the financial years ended 31 December 2019 and 31 December 2020 are set out as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2019</b>	<b>2020</b>
	(unaudited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before taxation and extraordinary items	(49)	(1,865)
Net profit after taxation and extraordinary items	(49)	(1,865)

Based on the unaudited management accounts of the OPCO, the unaudited total net liabilities of the OPCO was approximately RMB2,230,000 as at 31 December 2020.

### **REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION**

The Group is a leading integrated property services operator in the PRC, focusing on residential and commercial complexes and other property services, and has three main business lines, namely, (i) property management services; (ii) value-added services; and (iii) pre-delivery and consulting services.

By leveraging blockchain, artificial intelligence and Internet of Things (IOT) technologies, Beijing I-Journey is aimed at providing the real estate industry with intelligent solutions such as smart communities and smart homes, including but not limited to developing the intelligent community-based consumption platform which enables the property management companies to reduce their labor costs and enhance the quality of the value-added services through digital operations.

Smart property management is one of the key trends in the property management industry in the PRC. Through the Capital Injection, the Group can secure and consolidate the continuous support of high-tech and innovation resources from Beijing I-Journey, by which the Group can be better equipped to react and adopt the technological advances so as to enhance the quality and consistency of services at lower costs through standardisation and automation and to continue to compete effectively as well.

Upon becoming one of the shareholders of Beijing I-Journey, Xinyuan Science will cooperate with Beijing I-Journey to carry out a project for further developing and enhancing the “Conbow Cloud Community” (慷寶雲社區) platform which includes, without limitation, applet, mobile application, website, “Conbow Robot” (慷寶機器人) and other operational carriers (the “**Platform Project**”) in order to further upgrade and transform the smart management of the properties that Xinyuan Science manages. Beijing I-Journey shall be responsible for (i) developing and implementing the said platform and ancillary products and (ii) introducing various supply chains for services and goods to be offered on such platform. Furthermore, the target of the Platform Project is to develop and establish a comprehensive residential community online to offline (“**O2O**”) platform where online and offline resources are integrated to offer and deliver a wider range of value-added services and products to meet the increasing diversified demands of property owners and property occupants. Therefore, in addition to enhancing customer satisfaction, it is also expected that the operation of the “Conbow Cloud Community” (慷寶雲社區) platform can bring in stable income for the Group.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Capital Injection Agreement are fair and reasonable, the Capital Injection is on normal commercial terms and in the interest of the Company and its Shareholders as a whole.

As Mr. Zhang Yong, Ms. Yang Yuyan and Mr. Li Yifan are also directors of Xinyuan Real Estate Co., Ltd., they have abstained from voting on the resolutions in respect of the Capital Injection Agreement and the transactions contemplated thereunder at the relevant Board meeting.

## **INFORMATION OF THE VIE AGREEMENTS**

### **Reasons for use of the VIE Agreements**

Mainly engaged in operating the relevant intelligent platform, the OPCO has developed its major business in the industry of providing value-added telecommunications services. As advised by our PRC Legal Adviser, the relevant PRC laws and regulations, e.g. Telecommunications Regulations of the People’s Republic of China (《中華人民共和國電信條例》) and Administrative Provisions on Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》), currently still restrict foreign ownerships in enterprises providing value-added telecommunications services, in addition to imposing qualification requirements on foreign investors. Pursuant to the Administrative Provisions on Foreign-Invested Telecommunications Enterprises, the proportion of capital contributed by the foreign investor(s) in a foreign-invested telecommunications enterprise that is engaged in value-added telecommunications services shall not ultimately exceed 50% and such foreign investor(s) shall have a record of good performance and operating experience in conducting value-added telecommunications business.

However, as advised by our PRC Legal Adviser, there has been no specific guideline under PRC laws available for telling whether a foreign investor's previous performance and operating experience is qualified or not for the aforesaid investment. And, normally, in practice, if the foreign investor(s) of a joint venture engaged in providing value-added telecommunications services does not have any record of good performance and operating experience in conducting value-added telecommunications business, the governing authorities are less likely to grant ICP License (《增值電信業務經營許可證》) to the joint venture, which is a compulsory requirement for carrying out value-added telecommunications business in the PRC. The Company, as a Cayman Islands company incorporated in 2018, whose major business is property management service, has not been engaged in providing value-added telecommunications services previously.

Therefore, while the OPCO, as a PRC domestic company, has obtained the ICP License required for carrying out its value-added telecommunications services, any direct or indirect shareholding in it by the Company may render the OPCO subject to the above regulations, which may lead to the revocation of its ICP License. In this regards, the VIE Agreements, through which the Company could obtain control over the OPCO without holding any equity interest in it while deriving the economic benefits from the OPCO, are of necessity to minimize the potential conflict with relevant PRC laws and regulations.

## **VIE Agreements**

A summary of the principal terms of the VIE Agreements is set out below.

### ***(1) Exclusive Business Cooperation Agreement***

Date: 6 April 2020

Parties: (a) Beijing I-Journey; and

(b) The OPCO

Services: The OPCO agrees to engage Beijing I-Journey as its exclusive service provider of comprehensive business support, technical services and consulting services within the business scope of the OPCO, including but not limited to technical development, promotion, transfer, consultation and services, basic software services, application software services, computer system services, enterprise planning, economic and trade consultancy services.

Unless with the prior written consent of Beijing I-Journey, during the term of the Exclusive Business Cooperation Agreement, with regard to the matters provided therein, the OPCO shall not accept any consultation and/or services provided by any third party, and shall not cooperate with any third party. However, Beijing I-Journey may, at its sole discretion, subcontract a portion of the services to be provided to the OPCO to any third party.

Fees and Sole  
Discretion:

In consideration of the services provided by Beijing I-Journey, the OPCO shall pay the services fees (the “**Service Fee**”) equivalent to 100% of its net income. The Service Fee shall be due and payable on a monthly basis.

Beijing I-Journey shall have the right to adjust the Service Fee at its sole discretion without the consent of the OPCO.

Within thirty (30) days after the end of each month, the OPCO shall (i) provide its management accounts and operational data of that month to Beijing I-Journey, which shall specify the net income in that month of the OPCO (the “**Monthly Net Income**”); and (ii) pay 100% of the Monthly Net Income to Beijing I-Journey (the “**Monthly Payment**”).

Within ninety (90) days after the end of each fiscal year, the OPCO shall (i) deliver its audited financial statements to Beijing I-Journey, which shall be audited and certified by an independent registered auditor approved by Beijing I-Journey; and (ii) pay an amount to Beijing I-Journey equal to the shortfall, if any, of the net income of the OPCO for such fiscal year as compared to the aggregate amount of the Monthly Payment paid by the OPCO to Beijing I-Journey in such fiscal year.

Term:

The term of the Exclusive Business Cooperation Agreement is the same as the term of operation of the OPCO.

The Exclusive Business Cooperation Agreement shall be terminated in accordance with the following provisions or circumstances:

- (i) upon the expiration of the term of operation of either Beijing I-Journey or the OPCO where either party’s application for renewal of its term of operation is not approved or agreed by any relevant authority; or

- (ii) once Beijing I-Journey is permitted by the PRC Laws to directly engage in the principal business of the OPCO, both parties agree to terminate the Exclusive Business Cooperation Agreement and any other relevant agreement(s).

Unless otherwise mandatorily provided by PRC Laws, the OPCO has no right to terminate the Exclusive Business Cooperation Agreement unilaterally.

**(2) Exclusive Call Options Agreement**

Date: 6 April 2020

Parties: (a) Beijing I-Journey;  
(b) The OPCO Registered Shareholders; and  
(c) The OPCO

Options: The OPCO Registered Shareholders irrevocably grant to Beijing I-Journey or any of its designated person(s), the irrevocable and exclusive option to purchase (at any time, in one or more times), to the extent permitted by relevant PRC Laws, from the OPCO Registered Shareholders all or part of the equity interest in the OPCO currently held or to be held by them (the “**Equity Interest Call Option**”).

The OPCO irrevocably grants to Beijing I-Journey or any of its designated person(s), the irrevocable and exclusive option to purchase (at any time, in one or more times), to the extent permitted by relevant PRC Laws, from the OPCO all or part of its assets and business (including intellectual property) (the “**Assets Call Option**”, together with the Equity Interest Call Option, the “**Call Options**”).

Other than the OPCO and its designated person(s), no third party shall be entitled to the Call Options or any rights related to the equity interest in the OPCO held by the OPCO Registered Shareholders and the assets of the OPCO.

Consideration: Unless an appraised value is required by the PRC Laws at the time of exercising the Call Options, the consideration for the exercise of the Call Options shall be RMB100 or the minimum price permitted by the PRC Laws.

In the event that the VIE Agreements are terminated, the OPCO and/or its then registered shareholders shall return any consideration they received from Beijing I-Journey or its designated person(s).

Term: The Exclusive Call Options Agreement shall remain effective until the date the equity interest in the OPCO held by the OPCO Registered Shareholders and/or the assets of the OPCO have all been transferred to Beijing I-Journey and/or its designated person(s).

Notwithstanding the foregoing, Beijing I-Journey shall have the right to terminate the Exclusive Call Options Agreement and claim damages where the OPCO Registered Shareholders or the OPCO has substantively violated any term and condition under the Exclusive Call Options Agreement. Unless otherwise mandatorily provided by the PRC Laws, the OPCO Registered Shareholders or the OPCO have no right to terminate the Exclusive Call Options Agreement unilaterally.

### **(3) *Equity Pledge Agreement***

Date: 6 April 2020

Parties: (a) Beijing I-Journey;  
(b) The OPCO Registered Shareholders; and  
(c) The OPCO

Pledge: The OPCO Registered Shareholders pledge as first charge all of their respective equity interests in the OPCO (including any additional equity interest acquired in the future) as collateral for the timely and full performance of the OPCO Registered Shareholders and the OPCO's obligations under the VIE Agreements (the "**Contractual Obligations**") and the repayment of the secured indebtedness due by the OPCO Registered Shareholders and/or the OPCO under the VIE Agreements (the "**Secured Obligations**").



The OPCO Registered Shareholders undertake to Beijing I-Journey, among others, that except for the performance of the Exclusive Call Options Agreement, the OPCO Registered Shareholders shall not, or allow others to, transfer all or part of the equity interest in the OPCO, create or allow any security interest or other encumbrance that may affect the rights and interests of Beijing I-Journey in the equity interest in the OPCO without the prior written consent of Beijing I-Journey.

Without the prior written consent of Beijing I-Journey, the OPCO Registered Shareholders and/or the OPCO shall not, or assist others to, increase, decrease, or transfer the registered capital of the OPCO (or their respective capital contribution in the OPCO), create or allow any encumbrance thereon.

Term: The pledge shall take effect from the date of its registration with the administration where the OPCO is located until the Contractual Obligations and Secured Obligations have been fully performed or discharged.

**(4) Powers of Attorney**

Date: 6 April 2020

Parties: Each of the OPCO Registered Shareholders executed a Power of Attorney in favour of Beijing I-Journey.

Subject: Each of the OPCO Registered Shareholders irrevocably appointed Beijing I-Journey or its designated person(s) (including but not limited to, director(s) of Beijing I-Journey's direct or indirect holding company and their successor(s) (including a liquidator replacing such director(s)), but excluding any person(s) who are not independent or may give rise to conflicts of interest) as his/its exclusive agent and attorney to act on his/its behalf on all matters concerning his/its equity interest in the OPCO, including but not limited to:

- (i) to propose, convene and attend shareholders' meetings of the OPCO;

- (ii) to exercise all shareholder's rights and shareholder's voting rights enjoyed by the OPCO Registered Shareholders in accordance with the PRC Laws and the articles of association of the OPCO, including but not limited to the right to dividend, and the right to sell or transfer or pledge or disposal of all or part of his/its equity interest in the OPCO;
- (iii) to sign any resolution and minutes, and approve any amendments made to the articles of association of the OPCO;
- (iv) to file documents with the relevant companies registry;  
and
- (v) to elect and appoint the legal representative, directors, supervisors, chief executive officer (or general manager) and senior management of the OPCO.

Beijing I-Journey shall have the right and authorisation to act on behalf of the OPCO Registered Shareholders to enter into any transfer agreement upon the exercise of the Call Options granted under the Exclusive Call Options Agreement and to secure performance of the OPCO Registered Shareholders' respective obligations under the Exclusive Call Options Agreement and the Equity Pledge Agreement and sign any other necessary documents thereunder.

Beijing I-Journey shall have the right to delegate or assign its rights under the Powers of Attorney to any other individuals or entities without prior notice to or consent from the relevant OPCO Registered Shareholders.

Term: The Powers of Attorney shall remain in full effect irrevocably during the term which the OPCO Registered Shareholders remain as the registered shareholders of the OPCO, unless instructed to the contrary by Beijing I-Journey.

### **Dispute resolution**

Each of the VIE Agreements provides that the parties thereto shall negotiate to resolve the dispute in the event of any dispute with respect to the construction and performance of the provisions. Each of the Exclusive Business Cooperation Agreement, the Exclusive Call Options Agreement and the Equity Pledge Agreement further provides that, in the event that the parties fail to reach an agreement on the resolution of such a dispute within

30 days after any party's request for resolution of the dispute through negotiations, any party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with the then effective arbitration rules. The arbitration shall be conducted in Beijing, and the language used during arbitration shall be Chinese. The arbitration ruling shall be final and binding on all parties. In appropriate cases, to the extent permitted by the dispute resolution clauses and/or applicable PRC Laws, the arbitral tribunal or the arbitrators may award remedies over the equity interests, assets, property interest or landed assets of the parties, mandatory relief (including but not limited to where necessary for the conduct of business or to compel the transfer of assets) or order the winding up of the parties. Any party shall have the right to apply to the courts with competent jurisdiction (including the courts in the PRC, Hong Kong and the Cayman Islands) for application for granting interim remedies in support of the arbitration pending formation of the arbitral tribunal.

### **Succession**

The Exclusive Call Options Agreement contains provision to the effect that, to the largest extent permitted by the PRC Laws, in the event of death or incapability of the OPCO Registered Shareholders, Beijing I-Journey is entitled to exercise its rights under the Exclusive Call Options Agreement (including the Equity Interest Call Option) against the legal successor(s) or agent(s) of the OPCO Registered Shareholders.

Under the Equity Pledge Agreement, the OPCO Registered Shareholders also represent and warrant that, to avoid any practical difficulties in enforcing the Equity Pledge Agreement, to the largest extent permitted by the PRC Laws, appropriate arrangements have been made to protect Beijing I-Journey's interests in the event of death, incapacity, bankruptcy or divorce of the OPCO Registered Shareholders or any other circumstances which may affect the exercise of their shareholders' rights.

### **Liquidation**

Pursuant to the Exclusive Call Options Agreement, in the event of dissolution or liquidation of the OPCO, the OPCO shall, to the extent permitted by the PRC Laws, dispose all its assets to Beijing I-Journey or any person(s) designated by Beijing I-Journey, at the minimum price permitted by the PRC Laws.

### **Arrangements to address potential conflicts of interest**

Upon the Capital Injection Completion, the Group's interest in the OPCO is based on the VIE Agreements. Therefore, conflicts of interest of the OPCO Registered Shareholders will adversely affect the interests of the Group. Pursuant to the Powers of Attorney, each of the OPCO Registered Shareholders has irrevocably appointed Beijing I-Journey or its designated person(s) (excluding any person(s) who are not independent or may give rise to conflicts of interest) as his/its exclusive agent and attorney to act on his/its behalf on all matters concerning his/its equity interest in the OPCO. In addition, during

the effective period of the Powers of Attorney, the OPCO Registered Shareholders have given up all such rights and shall not exercise such rights on his own accord. Therefore, it is unlikely that there will be potential conflicts of interest between the Group and the OPCO Registered Shareholders.

### **Compliance of the VIE Agreements with PRC Laws**

The PRC Legal Adviser is of the opinion that, the VIE Agreements do not violate the mandatory provisions of PRC Laws, including those applicable to the business of Beijing I-Journey and the OPCO, and do not contravene paragraph 1 of Article 146, Article 153 or Article 154 of the Civil Code of the People's Republic of China (《中華人民共和國民法典》). The VIE Agreements are valid, legally binding on and enforceable against each party thereto in accordance with their terms and provisions under relevant PRC Laws except certain terms of the VIE Agreements as set out in the paragraph headed "Risk Factors in relation to the VIE Agreements" below.

As at the date of this announcement, Beijing I-Journey has not encountered any interference or encumbrance from any governing bodies in operating its business through the OPCO under the VIE Agreements.

In light of the above, the Directors believe that save as disclosed, the VIE Agreements are enforceable under the relevant PRC Laws, and that the VIE Agreements will provide a mechanism that enables Beijing I-Journey to exercise effective control over the OPCO.

### **RISK FACTORS IN RELATION TO THE VIE AGREEMENTS**

There is no assurance that the VIE Agreements could comply with future changes in the regulatory requirements in the PRC and the PRC government may determine that the VIE Agreements do not comply with applicable regulations.

**If the PRC government finds that the VIE Agreements do not comply with applicable PRC Laws, or if these regulations or their interpretations change in the future, Beijing I-Journey could be subject to severe consequences, including the nullification of the VIE Agreements, revocation of the ICP License of the OPCO and the relinquishment of Beijing I-Journey's interest in the OPCO**

Despite there is currently no indication that the VIE Agreements will be interfered or objected by any PRC regulatory authorities, the PRC Legal Adviser has advised that there is a possibility that the relevant PRC regulatory authorities may have different opinions on the interpretation of the relevant regulations and would not agree that the VIE Agreements comply with the current PRC Laws or those that may be adopted in future, and the authorities may deny the validity, effectiveness and enforceability of the VIE Agreements.

On 15 March 2019, the National People’s Congress approved the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (“**Foreign Investment Law**”), which has come into effect on 1 January 2020 and replaced the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Enterprise Law (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-invested Enterprise Law (《中華人民共和國外資企業法》), together with their implementation rules and ancillary regulations.

According to the second paragraph of Article 2 of the Foreign Investment Law, “foreign investment referred to in this law refers to the investment activities of foreign natural persons, enterprises or other organisations (hereinafter referred to as “**foreign investors**”), whether directly or indirectly, in the PRC, which includes the following situations: (1) foreign investors setting up foreign invested enterprises in the PRC whether alone or together with other investors; (2) foreign investors acquiring shares, equity interest, sharing in property or other similar rights and interests of Chinese domestic enterprises; (3) foreign investors investing in new projects in the PRC whether alone or together with other investors; and (4) other forms of investment prescribed by laws, administrative regulations or the State Council.”\* (the original text is “本法所稱外商投資，是指外國的自然人、企業或者其他組織(以下稱外國投資者)直接或者間接在中國境內進行的投資活動，包括下列情形：(一)外國投資者單獨或者與其他投資者共同在中國境內設立外商投資企業；(二)外國投資者取得中國境內企業的股份、股權、財產份額或者其他類似權益；(三)外國投資者單獨或者與其他投資者共同在中國境內投資新建項目；(四)法律、行政法規或者國務院規定的其他方式的投資。”). As regards the terms “directly or indirectly” in the foregoing provision and “other forms of investment” in item (4), there is no further detailed regulation whether in the Foreign Investment Law or other prevalent laws, regulations, or other regulatory documents.

The concepts of “actual control” and “contractual control” introduced in the consultation draft of the Foreign Investment Law of the PRC\* (《中華人民共和國外國投資法(草案徵求意見稿)》) published in 2015 have been deleted in the formally promulgated Foreign Investment Law, and that contractual control arrangement is not included in the scope of foreign investment under regulation. Therefore, the PRC Legal Adviser is of the view that the formally promulgated Foreign Investment Law will not affect the legality and validity of the VIE Agreements, and that the VIE Agreements will be binding on the relevant contractual parties upon due execution.

The Foreign Investment Law does not contain a concrete guidance to deal with the existing VIE structures. As such, in order to mitigate against any potential risk arising from the Foreign Investment Law, the Board will monitor the implementation of the Foreign Investment Law and discuss with the Company’s PRC Legal Adviser on a regular basis in order to assess any possible impact arising from the implementation of the Foreign Investment Law on the VIE Agreements and the business operation of Beijing I-Journey. In case there would be material and adverse effect on Beijing I-Journey or the business of the OPCO arising from the Foreign Investment Law, the Company will

timely publish announcements in relation to (i) any amendments to or interpretations of the Foreign Investment Law; and (ii) any material impact of the Foreign Investment Law on Beijing I-Journey's operations and financial position.

**The VIE Agreements may not be as effective as direct ownership in providing control over the OPCO**

Beijing I-Journey relies on the VIE Agreements to operate the business of the OPCO. Such VIE Agreements may not be as effective in providing Beijing I-Journey with control over the OPCO as direct ownership. If Beijing I-Journey has direct ownership of the OPCO, it will be able to exercise its rights as a shareholder to effect changes in the board of directors of the OPCO, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the VIE Agreements, Beijing I-Journey relies on the performance by the OPCO Registered Shareholders and the OPCO of their obligations under the VIE Agreements to exercise control over the OPCO. Therefore, the VIE Agreements with the OPCO Registered Shareholders and/or the OPCO may not be as effective in ensuring Beijing I-Journey's control over the OPCO as direct ownership would be.

**The OPCO Registered Shareholders may have potential conflict of interests with Beijing I-Journey**

Upon the completion of the Capital Injection Agreement, the Group's interest in the OPCO is based on the VIE Agreements. Therefore, conflicts of interest of the OPCO Registered Shareholders will adversely affect the interests of the Group. Pursuant to the Powers of Attorney, each of the OPCO Registered Shareholders has irrevocably appointed Beijing I-Journey or its designated person(s) (excluding any person(s) who are not independent or may give rise to conflicts of interest) as his/its exclusive agent and attorney to act on his/its behalf on all matters concerning his/its equity interest in the OPCO. In addition, during the effective period of the Powers of Attorney, the OPCO Registered Shareholders have given up all such rights and shall not exercise such rights on his own accord. Therefore, it is unlikely that there will be potential conflicts of interest between the Group and the OPCO Registered Shareholders.

**The VIE Agreements may be subject to the scrutiny of the PRC tax authorities and additional tax may be imposed**

Beijing I-Journey could face material adverse tax consequences if the PRC tax authorities determine that the arrangements under the VIE Agreements were not entered into based on arm's length negotiations. In that case, the PRC tax authorities may adjust the income and expenses of the OPCO for PRC tax purposes, which could result in higher tax liabilities on the OPCO. The operating and financial results of Beijing I-Journey may be materially and adversely affected if the tax liabilities of the OPCO increase significantly or if they are required to pay interest on late payments.

**Beijing I-Journey does not have any insurance which covers the risks relating to the VIE Agreements and the transactions contemplated thereunder**

The insurance of Beijing I-Journey does not cover the risks relating to the VIE Agreements and the transactions contemplated thereunder and Beijing I-Journey has no intention to purchase any insurance in this regard. If any risk arises from the VIE Agreements in the future, such as those affecting the enforceability of the VIE Agreements and the operation of the OPCO, the financial results and financial position of Beijing I-Journey may be adversely affected. However, Beijing I-Journey will monitor the relevant legal and operational environment from time to time to comply with the applicable laws and regulations.

**Beijing I-Journey's ability to acquire the equity interest in the OPCO may be subject to various limitations and substantial costs**

In case Beijing I-Journey exercises the Equity Interest Call Option to acquire all or part of the equity interest in the OPCO under the Exclusive Call Options Agreement, such acquisition may only be conducted to the extent as permitted by applicable PRC Laws and will be subject to necessary approvals and relevant procedures under applicable PRC Laws. In addition, the abovementioned acquisitions may be subject to a minimum price limitation (such as an appraised value for the equity interest in the OPCO) or other limitations as imposed by applicable PRC Laws. Further, a substantial amount of other costs (if any), expenses and time may be involved in transferring the ownership of the OPCO, which may have a material adverse impact on Beijing I-Journey's business, prospects and results of operation.

**Economic risks Beijing I-Journey bears as the primary beneficiary of the OPCO, financial support to the OPCO and potential exposure of the OPCO to losses**

As the primary beneficiary of the OPCO, Beijing I-Journey will share both profit and loss of the OPCO. Equally, Beijing I-Journey bears economic risks which may arise from difficulties in the operation of the OPCO's business. Beijing I-Journey may have to provide financial support in the event of financial difficulty of the OPCO. Under these circumstances, the Group's financial results and financial position may be adversely affected by the worsening financial performance of the OPCO and the need to provide financial support to the OPCO.

**Beijing I-Journey may lose control over the OPCO and may not enjoy the full economic benefit of the OPCO if the OPCO declares bankrupt or becomes subject to a dissolution or liquidation proceeding**

The VIE Agreements contain terms that specifically provide that the OPCO may not be dissolved or liquidated without the written consent of Beijing I-Journey. However, if the OPCO Registered Shareholders breach this obligation and voluntarily liquidate the OPCO, all or part of the assets of the OPCO may become subject to liens or rights

of third party creditors and Beijing I-Journey may be unable to continue to control the OPCO and may not enjoy the economic benefits of the OPCO, which could adversely affect the Group's business, financial condition and results of operations.

**Certain terms of the VIE Agreements may not be enforceable under PRC law and enforcement of certain of Beijing I-Journey's rights under the VIE Agreements is subject to regulatory approval**

The VIE Agreements are governed by PRC Laws and all disputes will be submitted for arbitration, the ruling of which will be final and binding. Accordingly, these agreements would be interpreted in accordance with PRC Laws and disputes would be resolved in accordance with PRC legal procedures. Uncertainties in the PRC legal system could limit Beijing I-Journey's ability to enforce the VIE Agreements. In the event that Beijing I-Journey is unable to enforce the VIE Agreements, or if Beijing I-Journey suffers significant time delays or other obstacles in the process of enforcing them, it would be very difficult to exert control over the OPCO. The VIE Agreements contain provisions to the effect that the arbitral body may award remedies over the equity interest and/or assets of the OPCO, mandatory relief and/or winding up of the OPCO. The VIE Agreements also include a clause in relation to dispute resolution among the parties where, when awaiting the formation of the arbitral tribunal, the parties thereto may seek interim remedies from the courts in the PRC, Hong Kong and the Cayman Islands. However, the PRC Legal Adviser is of the view that pursuant to the PRC Laws, the arbitral tribunal may have no power to grant the aforementioned remedies or mandatory relief or to issue a provisional or final liquidation order, and the arbitration awards from the arbitral tribunal and the interim remedies/rulings/judgements from the overseas courts (e.g. courts in Hong Kong and the Cayman Islands) may not be recognised or enforced by competent PRC courts under the PRC Laws. As a result, in the event that the OPCO or any of the OPCO Registered Shareholders breaches the terms of the VIE Agreements, Beijing I-Journey may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over the OPCO could be materially and adversely affected.

Pursuant to the VIE Agreements, Beijing I-Journey (or its designee) has the exclusive right to purchase all or any part of the equity interests in the OPCO from the OPCO Registered Shareholders at RMB100 or the minimum price permitted by the then applicable PRC Laws. The equity interest transfer is subject to the approval from or filings/registrations with the competent local counterparts of the State Administration for Market Regulation (國家市場監督管理總局) and the Ministry of Commerce (商務部) of the PRC under the relevant PRC laws applicable at the time of such transaction, which is outside of Beijing I-Journey's control.

Furthermore, the equity pledges stipulated under the Equity Pledge Agreement may only take effect upon the completion of the relevant registration with the competent local counterparts of the State Administration for Market Regulation.



## **INTERNAL CONTROL MEASURES TO BE IMPLEMENTED BY THE GROUP**

In addition to the protective measures provided in the VIE Agreements, it is the intention of the Company, following the Capital Injection Completion, to implement through Beijing I-Journey, the following internal control measures:

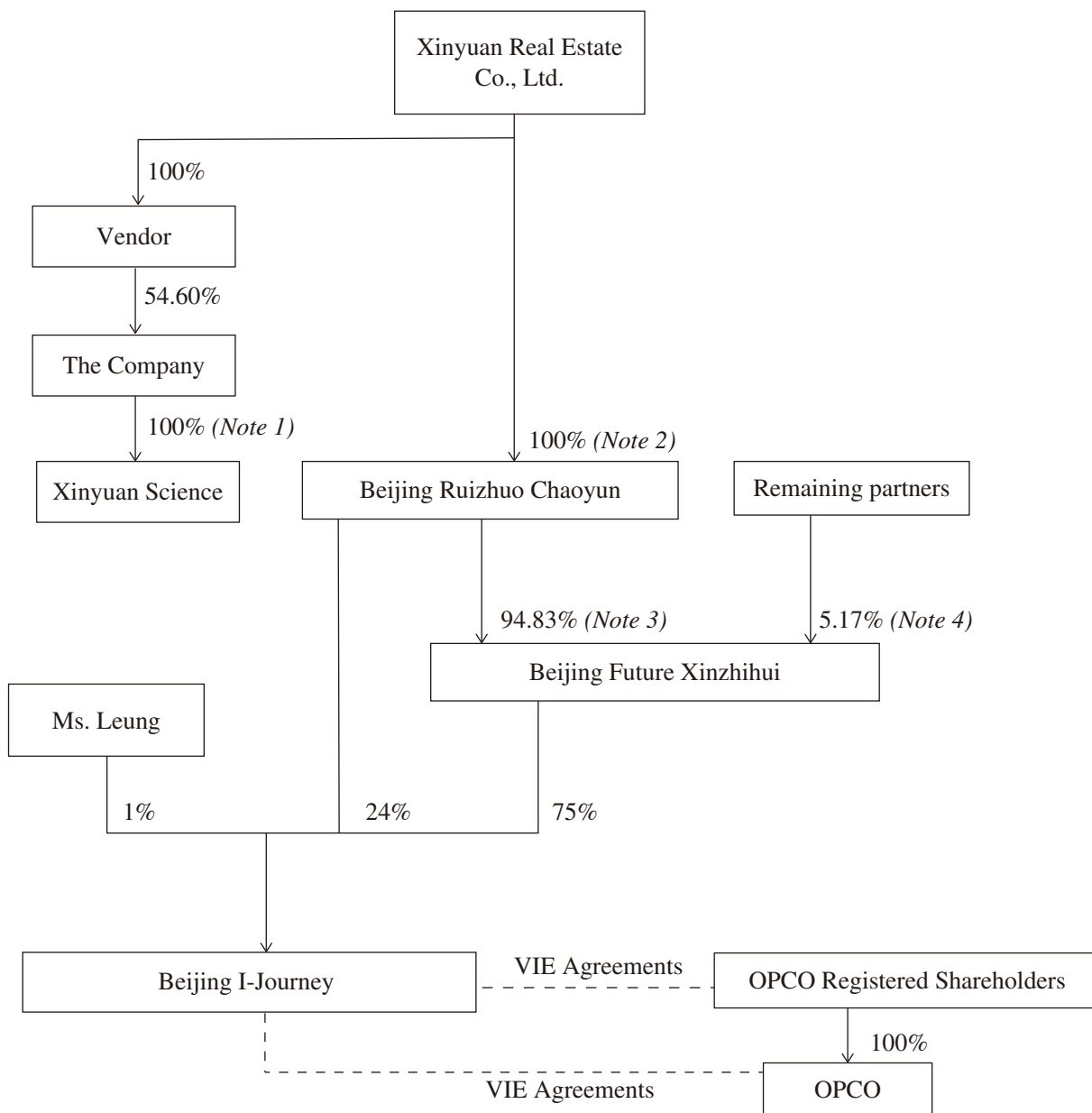
- (i) Beijing I-Journey will report regularly, which will be no less frequently than on a monthly basis, to the senior management of the Company in relation to compliance and performance conditions under the VIE Agreements and other related matters;
- (ii) if necessary, legal advisers and/or other professionals will be retained to assist Beijing I-Journey to deal with specific issues arising from the VIE Agreements and to ensure that the operation and implementation of the VIE Agreements as a whole will comply with applicable laws and regulations;
- (iii) the Company shall have the right to periodically obtain the audited and unaudited financial statements and the annual budget plan of Beijing I-Journey and the OPCO; and
- (iv) Beijing I-Journey will unwind the VIE Agreements as soon as relevant PRC Laws and regulations allow the business of the OPCO to be conducted and operated by Beijing I-Journey without such arrangements in place.

### **The Board's view on the VIE Agreements**

Based on the above, the Board is of the view that the VIE Agreements are narrowly tailored to achieve the OPCO business purpose and to minimise the potential conflict with and are enforceable under relevant PRC Laws. The VIE Agreements enable Beijing I-Journey to gain control over the financing and business operations of the OPCO, and enjoy the economic benefits generated by the OPCO. The VIE Agreements also provide that Beijing I-Journey may unwind the VIE Agreements as soon as relevant PRC Laws allow Beijing I-Journey to register itself as the shareholder of the OPCO.

## RELEVANT CORPORATE STRUCTURE BEFORE AND AFTER THE CAPITAL INJECTION COMPLETION

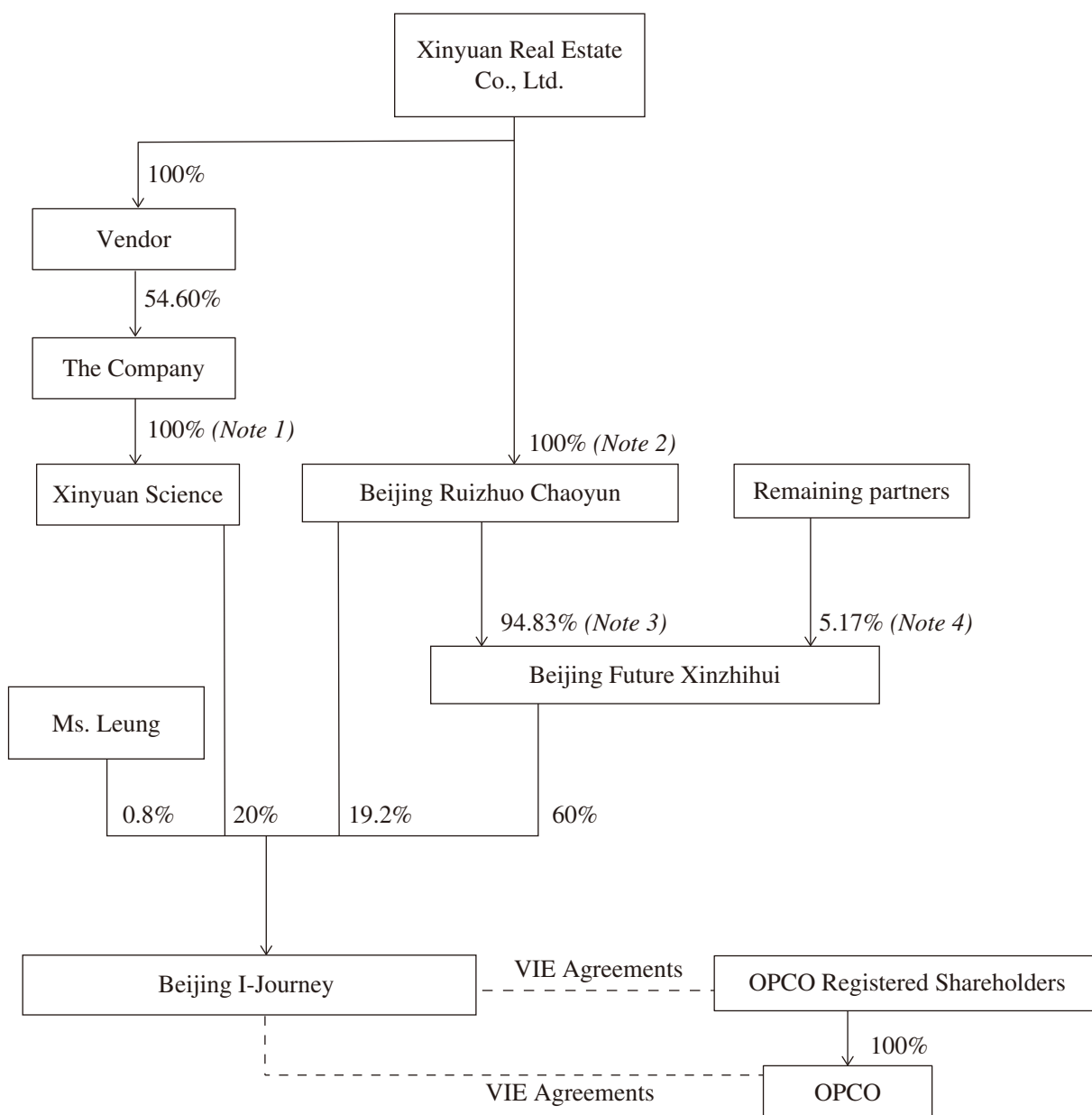
The following diagram illustrates the corporate structure of Beijing I-Journey and the OPCO before the Capital Injection Completion:



Notes:

1. Xinyuan Science is indirectly wholly-owned by the Company.
2. Beijing Ruizhuo Chaoyun is indirectly wholly-owned by Xinyuan Real Estate Co., Ltd..
3. Beijing Ruizhuo Chaoyun directly holds 91.83% equity interest in Beijing Future Xinzhihui and indirectly holds 3% equity interest in Beijing Future Xinzhihui.
4. Each of the remaining partners of Beijing Future Xinzhihui respectively holds not more than 5% equity interest in Beijing Future Xinzhihui.

The following diagram illustrates the corporate structure of Beijing I-Journey and the OPCO after the Capital Injection Completion:



Notes:

1. Xinyuan Science is indirectly wholly-owned by the Company.
2. Beijing Ruizhuo Chaoyun is indirectly wholly-owned by Xinyuan Real Estate Co., Ltd..
3. Beijing Ruizhuo Chaoyun directly holds 91.83% equity interest in Beijing Future Xinzhihui and indirectly holds 3% equity interest in Beijing Future Xinzhihui.
4. Each of the remaining partners of Beijing Future Xinzhihui respectively holds not more than 5% equity interest in Beijing Future Xinzhihui.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Xinyuan Real Estate Co., Ltd. is indirectly interested in 54.60% of the issued Shares in the Company, and is one of the Controlling Shareholders of the Company.

As at the date of this announcement, Beijing I-Journey is beneficially owned by Xinyuan Real Estate Co., Ltd. as to approximately 95.12%, Beijing Ruizhuo Chaoyun is indirectly wholly-owned by Xinyuan Real Estate Co., Ltd., and Beijing Future Xinzhihui is indirectly beneficially owned as to 94.83% by Xinyuan Real Estate Co., Ltd.. Therefore, each of Beijing I-Journey, Beijing Ruizhuo Chaoyun and Beijing Future Xinzhihui is an associate of Xinyuan Real Estate Co., Ltd., and thus each a connected person of the Company. The Capital Injection therefore constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Capital Injection exceed 0.1% but all are less than 5%, the Capital Injection is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **II. THE PLACING AND SUBSCRIPTION AGREEMENT**

The Board is pleased to announce that on 25 January 2021 (after trading hours), the Company, the Vendor and the Placing Agent entered into the Placing and Subscription Agreement, pursuant to which (i) the Vendor has agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as an agent of the Vendor to procure not less than six (6) Placées, on a best effort basis, to purchase up to 18,000,000 Placing Shares at the Placing Price; and (ii) the Vendor has agreed to subscribe for, and the Company has agreed to allot and issue to the Vendor, up to 18,000,000 Subscription Shares at the Subscription Price, in each case on the terms and subject to the conditions set out in the Placing and Subscription Agreement.

The principal terms of the Placing and Subscription Agreement are set out below:

Date: 25 January 2021

Parties: (a) Xinyuan Property Management Service (Cayman) Ltd.;

(b) Xinyuan Real Estate, Ltd., as the Vendor; and

(c) Guotai Junan Securities (Hong Kong) Limited, as the Placing Agent

## **THE PLACING**

### **Vendor**

The Vendor is a company incorporated in the Cayman Islands with limited liability and is a wholly-owned subsidiary of Xinyuan Real Estate Co., Ltd.. As at the date of this announcement, the Vendor holds an aggregate of 300,000,000 Shares, including the Placing Shares, representing approximately 54.60% of the total number of Shares in issue as at the date of this announcement.

### **Placing Agent**

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner are independent of, and not connected with, the Vendor, the Company and their respective connected persons.

### **Placing Shares**

The number of Placing Shares represents (i) approximately 3.28% of the total number of Shares in issue as at the date of this announcement; and (ii) approximately 3.17% of the enlarged total number of Shares in issue upon the completion of the Subscription (assuming there will be no change in the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the issue by the Company of the Subscription Shares).

The Placing Shares shall rank *pari passu* in all respects with other Shares in issue and shall be free and clear from Encumbrances and with all rights attaching thereto as at the relevant transaction date, including the right to receive all dividends and other distributions which may be declared, made or paid in respect of the Placing Shares, the record date for which shall fall on or after the relevant transaction date.

### **Placees**

The Placing Shares are to be placed on a best effort basis to not less than six Placees which are individual, professional or institutional investors who are independent of and not connected with the Company and its connected persons, not a party acting in concert with the Vendor and who will not become substantial shareholders of the Company after completion of the Placing.

## **Placing Price**

The Placing Price is HK\$2.10 per Placing Share and represents:

- (i) a discount of approximately 7.89% to the closing price of HK\$2.28 per Share as quoted on the Stock Exchange on 25 January 2021, being the date of the Placing and Subscription Agreement; and
- (ii) a discount of approximately 11.39% to the average closing price of approximately HK\$2.37 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Placing and Subscription Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares, the recent trading volume of the Shares and the prospects of the Group and was negotiated on an arm's length basis among the Company, the Vendor and the Placing Agent. The Board considers that the Placing Price and the terms of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The net Placing Price, after deducting all relevant commission, fees, costs and expenses in connection with the Placing and the Subscription incurred by the Vendor, which are ultimately to be borne by the Company, is estimated to be approximately HK\$2.06 per Placing Share.

## **Completion of the Placing**

There are no conditions precedent to the Placing, save that upon the occurrence of certain termination events described below, the Placing may exercise its rights to terminate the Placing and Subscription Agreement. Completion of the Placing is expected to take place on the Placing Completion Date.

## **Termination**

Notwithstanding anything contained in the Placing and Subscription Agreement, the Placing Agent may terminate the Placing and Subscription Agreement, by notice in writing given to the Company at any time prior to 8:00 a.m. (Hong Kong time) on the Placing Completion Date upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, has or may have an Material Adverse Effect of the Group taken as a whole or adverse material effect on the full placement of all of

the Placing Shares or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing and Subscription Agreement:

- (a) there develops, occurs or comes into force:
  - (i) any new law, rule or regulation or any change (whether or not permanent) or development (whether or not permanent) involving a prospective change in existing laws, rules or regulations which in the sole opinion of the Placing Agent is or is likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith; or
  - (ii) any significant event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing and Subscription Agreement) and including an significant event or material change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory, currency or other nature, resulting in a material change in, or which may result in a material change in, political, economic, fiscal, financial, regulatory, currency or stock market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets) in Hong Kong or the PRC; or
  - (iii) any significant event, or series of events beyond the reasonable control of the Placing Agent (including, without limitation, any calamity, act of government, strike, labor dispute, lock-out, fire, explosion, flooding, earthquake, civil commotion, economic sanctions, epidemic, pandemic, outbreak of infectious disease, outbreak or escalation of hostilities, act of terrorism and act of God) involving Hong Kong or the PRC, or the declaration by Hong Kong or the PRC of war or a state of emergency or calamity or crisis; or
  - (iv) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
  - (v) any material change in conditions of local, national or international securities markets; or
  - (vi) a material change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in the PRC or Hong Kong adversely affecting the proposed investments in the Placing Shares; or

- (vii) any material litigation or claim being instituted against any member of the Group that has a Material Adverse Effect of the Group taken as a whole; or
  - (viii) the commencement by any state, governmental, judicial, regulatory or political body or organization in Hong Kong or the PRC of any action against any of the directors of the Company and/or the Vendor or an announcement by any state, governmental, judicial, regulatory or political body or organization in Hong Kong or the PRC that it intends to take any such action; or
- (b) there has been a material breach by the Company or the Vendor of any of their respective representations, warranties and undertakings under the Placing and Subscription Agreement or any obligations imposed on the Company under the Placing and Subscription Agreement; or
  - (c) there is any significant change, or any development involving a prospective change, in or affecting the business, general affairs, management, assets and liabilities, shareholders' equity, results of operations or position, financial or otherwise, of the Group (other than those already disclosed to the public on or before the date of the Placing and Subscription Agreement) as a whole.

## **THE SUBSCRIPTION**

### **Subscription Shares**

The Vendor has agreed to subscribe for, and the Company has agreed to allot and issue to the Vendor, up to 18,000,000 Subscription Shares (equivalent to the number of the Placing Shares) at the Subscription Price, free from all Encumbrances on the terms and subject to the conditions set out in the Placing and Subscription Agreement.

The number of Subscription Shares represents (i) approximately 3.28% of the total number of Shares in issue as at the date of this announcement; and (ii) approximately 3.17% of the enlarged total number of Shares in issue upon the completion of the Subscription (assuming there will be no change in the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the issue by the Company of the Subscription Shares).

The maximum aggregate nominal value of the Subscription Shares is HK\$180.

### **Ranking of the Subscription Shares**

The Subscription Shares shall, when issued, allotted and fully paid, rank *pari passu* in all respects with the other Shares in issue on the date of completion of the Subscription including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment.



## **General Mandate to issue the Subscription Shares**

The Subscription Shares will be allotted and issued under the General Mandate. As at the date of this announcement, 50,000,000 new Shares remain available for issuance under the General Mandate. Accordingly, the allotment and issue of the Subscription Shares is not subject to additional Shareholders' approval.

## **Subscription Price**

The Subscription Price is equivalent to the Placing Price (after deducting all relevant commission, fees, costs and expenses in connection with the Placing and the Subscription, including the Placing Agent's commission, stamp duty, the Stock Exchange trading fee and SFC transaction levy), which is estimated to be approximately HK\$2.06 per Subscription Share. The Company will bear the expenses incurred by the Vendor in relation to the Placing and/or the Subscription.

## **Conditions of the Subscription**

Completion of the Subscription is conditional upon the satisfaction of the following conditions:

- (i) the Listing Committee granting the listing of and permission to deal in, the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of the definitive share certificate(s) representing the Subscription Shares); and
- (ii) completion of the Placing having occurred pursuant to the Placing and Subscription Agreement.

None of the above conditions are waivable.

## **Completion of the Subscription**

Completion of the Subscription shall take place on the Business Day after the date upon which the last of the conditions of the Subscription to be satisfied shall have been so satisfied (or such other time and/or date as the Vendor and the Company may agree in writing), provided that it shall take place on a date no later than a date falling 14 days after the date of the Placing and Subscription Agreement, i.e. 8 February 2021 (or at such other time and/or date as the Company, the Vendor and the Placing Agent may agree in writing).

If any of the conditions of the Subscription has not been fulfilled within 14 days after the date of the Placing and Subscription Agreement, all rights, obligations and liabilities of the Vendor and the Company in relation to the Subscription shall cease and terminate and neither of the Vendor nor the Company shall have any claim against the other, save for antecedent breaches.

Pursuant to Chapter 14A of the Listing Rules, if the Subscription is not completed within 14 days after the date of the Placing and Subscription Agreement, the Subscription will constitute a non-exempt connected transaction of the Company and the Company has to comply with the requirements of the Listing Rules, including obtaining approval from the independent Shareholders. An appropriate announcement will be made by the Company in compliance with the Listing Rules, if required and necessary.

## **LOCK-UP UNDERTAKINGS**

Save and except for the transactions contemplated in the Placing and Subscription Agreement, the Company has undertaken to the Placing Agent, and the Vendor has undertaken to the Placing Agent to procure the Company, during the period commencing on the date of the Placing and Subscription Agreement and up to thirty (30) days after the Placing Completion Date, that the Company will not allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares, unless the prior written consent of the Placing Agent having been obtained, other than pursuant to:

- (i) any exercise of any convertible notes or warrants or options in issue at the date of the Placing and Subscription Agreement or any other conversion or subscription rights existing as at the date of the Placing and Subscription Agreement;
- (ii) any exercise of any share options granted pursuant to the share option scheme of the Company adopted pursuant to the Listing Rules as at the date of the Placing and Subscription Agreement;
- (iii) any scrip dividend scheme; or
- (iv) any allotment and issue of the Subscription Shares pursuant to the Placing and Subscription Agreement,

and the Company will not agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described above.

## **REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS**

The gross proceeds from the Subscription are expected to be approximately HK\$37,800,000. The net proceeds from the Subscription (after deducting all relevant fees, costs and expenses in connection with the Placing and the Subscription, including the Placing Agent's commission, stamp duty, the Stock Exchange trading fee and SFC

transaction levy) are expected to be approximately HK\$37,160,000. The Subscription Price, after deducting such fees, costs and expenses, is therefore estimated to be approximately HK\$2.06 per Subscription Share.

The Company intends to use the net proceeds from the Subscription in the following manner:

- (i) the Hong Kong dollars equivalent of RMB30,000,000 for the Capital Injection in Beijing I-Journey for the reasons and benefits as disclosed in the section headed “Reasons for and Benefits of the Capital Injection” above; and
- (ii) the remaining amount of net proceeds for general working capital of the Group.

In the event that the Capital Injection does not proceed to completion, the Company intends to use the net proceeds from the Subscription in the following manner:

- (i) approximately 75% for strategic investment in businesses or targets that are related to property management services; and
- (ii) approximately 25% for general working capital of the Group.

The Board is of the view that the Placing and the Subscription will provide a good opportunity to raise additional funds to enable the Group to actively pursue acquisition or investment opportunities and enhance its development in the property management services industry in the PRC. It will also strengthen the financial position and to broaden the shareholder base and capital base of the Group. The Board is of the view that the terms of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

As Mr. Zhang Yong, Ms. Yang Yuyan and Mr. Li Yifan are also directors of Xinyuan Real Estate Co., Ltd., which holds 100% equity interest in the Vendor, they have abstained from voting on the resolutions in respect of the Placing and Subscription Agreement and the transactions contemplated thereunder at the relevant Board meeting.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

On 15 July 2020, the Company allotted and issued 50,000,000 new Shares at the placing price of HK\$2.60 per Share to not less than six (6) independent placees pursuant to a placing agreement dated 3 July 2020. The net proceeds from such placing were approximately HK\$127,200,000 which were intended to be used for the following purposes:

- (i) approximately 60% for business development, which mainly relates to (a) diversifying the types of services offered to the customers and (b) upgrading and developing the Group’s smart systems;

- (ii) approximately 30% for strategic investment in businesses or targets that are related to the Group's principal businesses; and
- (iii) approximately 10% for general working capital of the Group.

As at the date of the announcement, approximately HK\$12,700,000 of such net proceeds have been applied towards general working capital of the Group. The remaining net proceeds will be used for the purposes as disclosed in the announcement of the Company dated 15 July 2020. Details of such placing are set out in the announcements of the Company dated 3 July 2020 and 15 July 2020.

Save as disclosed above, the Company had not conducted any equity fund raising activities during the twelve months immediately before the date of this announcement.

### EFFECT OF THE PLACING AND THE SUBSCRIPTION

Assuming there is no change to the issued share capital of the Company from the date of this announcement to the date of completion of the Subscription save for the issue of the Subscription Shares, the shareholding structure of the Company before and after completion of the Placing and the Subscription is summarised as follows:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
	<i>Approximate</i>		<i>Approximate</i>		<i>Approximate</i>	
	<i>Number of Shares held</i>	<i>% of total Shares in issue</i>	<i>Number of Shares held</i>	<i>% of total Shares in issue</i>	<i>Number of Shares held</i>	<i>% of total Shares in issue</i>
Vendor ( <i>Note 1</i> )	300,000,000	54.60	282,000,000	51.32	300,000,000	52.86
Xingtai Capital Management Limited ( <i>Note 2</i> )	72,496,000	13.19	72,496,000	13.19	72,496,000	12.77
Galaxy Team Holdings Limited	37,500,000	6.82	37,500,000	6.82	37,500,000	6.61
Places	–	–	18,000,000	3.28	18,000,000	3.17
Other public shareholders	139,504,000	25.39	139,504,000	25.39	139,504,000	24.58
Total	<u>549,500,000</u>	<u>100.00</u>	<u>549,500,000</u>	<u>100.00</u>	<u>567,500,000</u>	<u>100.00</u>

*Notes:*

- (1) The Vendor is wholly owned by Xinyuan Real Estate Co., Ltd. By virtue of the SFO, Xinyuan Real Estate Co., Ltd. is therefore deemed to be interested in 300,000,000 Shares which are held by the Vendor.

- (2) Xingtai Capital Management Limited as an investment manager holds 36,320,000 Shares, 24,875,000 Shares and 11,301,000 Shares for Xingtai China Master Fund, Canepa Funds ICAV-XINGTAI CHINA FUND and Milltrust International Investments SPC-Milltrust Xingtai China Fund SP, respectively.
- (3) The percentages are subject to rounding difference, if any.

## LISTING APPLICATION FOR THE SUBSCRIPTION SHARES

An application will be made to the Listing Committee for granting approval for the listing of, and permission to deal in, the Subscription Shares.

**Completion of the transactions contemplated under the Capital Injection Agreement is subject to the fulfilment of the conditions precedent set out therein and may or may not proceed. Completion of the transactions contemplated under the Placing and Subscription Agreement is subject to such agreement not being terminated in accordance with the terms thereof. In addition, completion of the Subscription is subject to the satisfaction of conditions precedent under the Placing and Subscription Agreement. Therefore, the Placing and/or the Subscription may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and other securities of the Company.**

## DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associates”	has the meaning ascribed to it under the Listing Rules
“Beijing Future Xinzhihui”	Beijing Future Xinzhihui Technology Development Centre (Limited Partnership)* (北京未來鑫智慧科技發展中心(有限合夥)), a limited partnership established in the PRC
“Beijing I-Journey”	Beijing I-Journey Science and Technology Development Co. Ltd.* (北京愛接力科技發展有限公司), a company incorporated in the PRC with limited liability
“Beijing Ruizhuo Chaoyun”	Beijing Ruizhuo Chaoyun Technology Group Co. Ltd.* (北京瑞卓超雲科技集團有限公司), a company incorporated in the PRC with limited liability
“Beijing Xinyuan Xin Technology”	Beijing Xinyuan Xin Technology Development Co. Ltd.* (北京鑫苑鑫科技發展有限公司), a company incorporated in the PRC with limited liability

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday in the PRC)
“Capital Injection”	the capital injection into Beijing I-Journey pursuant to the Capital Injection Agreement
“Capital Injection Agreement”	the capital injection agreement dated 25 January 2021 in respect of the Capital Injection
“Capital Injection Amount”	RMB 30,000,000 (equivalent to approximately HK\$36,000,000), being the amount of capital to be injected into Beijing I-Journey pursuant to the Capital Injection Agreement
“Capital Injection Completion”	completion of the Capital Completion
“Capital Injection Completion Date”	the tenth (10th) Business Day (or such other date as may be agreed in writing by the parties to the Capital Injection Agreement) after the date on which on the conditions precedent to the Capital Injection Completion have been satisfied or otherwise waived in accordance with the Capital Injection Agreement
“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)”	as the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Xinyuan Real Estate Co., Ltd. and the Vendor
“Director(s)”	the director(s) of the Company

“Encumbrance”	any interest or equity of any person (including any right to acquire, option or right of pre-emption), voting arrangement, mortgage, charge, pledge, bill of sale, lien, claims, deposit, hypothecation, assignment or any other encumbrance, priority or security interest or arrangement or interest under any contract or trust or any other third party interest of whatsoever nature over or in the relevant shares, assets or property
“Equity Pledge Agreement”	the equity pledge agreement entered into among Beijing I-Journey, the OPCO Registered Shareholders, and the OPCO on 6 April 2020
“Exclusive Business Cooperation Agreement”	the exclusive business cooperation agreement entered into between Beijing I-Journey and the OPCO on 6 April 2020
“Exclusive Call Options Agreement”	the exclusive call options agreement entered into among Beijing I-Journey, the OPCO Registered Shareholders and the OPCO on 6 April 2020
“General Mandate”	the general mandate granted to the Directors by resolutions of the Shareholders passed at the annual general meeting of the Company held on 29 May 2020, pursuant to which the Directors are allowed to allot and issue up to 100,000,000 Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“ICP License”	the Value-added Telecommunications Operating License (《增值電信業務經營許可證》) granted by the competent communication administration authorities in PRC at either the national level or the level of provinces, autonomous regions and municipalities for internet information services classified under “B25 Information services (信息服務業務)” according to the Classification Catalog of Telecommunication Services (2015 Version) (《電信業務分類目錄(2015年版)》), which is commonly known as the Internet Content Provider License or “ICP License” for short
“Independent Third Party(ies)”	independent third party(ies) not connected with the Company or its connected persons (as defined in the Listing Rules)

“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Material Adverse Effect”	a material adverse effect on the condition, financial, trading or otherwise, or the earnings, business affairs or prospects (whether or not arising in the ordinary course of business) of the Group as a whole or which is material in the context of the Placing
“Ms. Leung”	Ms. Leung Lai Shan, an individual who is a resident in Hong Kong and an Independent Third Party
“OPCO”	Beijing Ruizhuo Xihe Technology Development Co. Ltd.* (北京瑞卓喜合科技發展有限公司), a company incorporated in the PRC with limited liability
“OPCO Registered Shareholders”	the registered shareholders of the OPCO of all the equity interest of the OPCO as at the date of this announcement, including Mr. Zhang Yong and Beijing Xinyuan Xin Technology
“Placee(s)”	any independent individual, professional or institutional investor procured by the Placing Agent to purchase any of the Placing Shares under the Placing
“Placing”	the Placing of the Placing Shares at the Placing Price by or on behalf of the Placing Agent to pursuant to the Placing and Subscription Agreement
“Placing Agent”	Guotai Junan Securities (Hong Kong) Limited, a license corporation to carry on business in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Placing and Subscription Agreement”	the placing and subscription agreement entered into between the Company, the Vendor and the Placing Agent dated 25 January 2021 in respect of the Placing and the Subscription
“Placing Completion Date”	27 January 2021, being two Business Days after the relevant transaction date of the Placing Shares or such other date as the Vendor and the Placing Agent may agree in writing
“Placing Price”	HK\$2.10 per Placing Share



“Placing Shares”	up to 18,000,000 existing Shares beneficially owned by the Vendor and to be placed pursuant to the Placing and Subscription Agreement
“Power(s) of Attorney”	the powers of attorney separately granted by each of the OPCO Registered Shareholders in favour of Beijing I-Journey on 6 April 2020
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, Macau and Taiwan
“PRC Laws”	any laws, regulations, rules, notices, interpretation or other binding documents issued by any central or local legislative, executive or judicial authorities in the PRC
“PRC Legal Adviser”	Chang An Law Firm (北京市長安律師事務所), the legal adviser to the Company as to PRC Laws
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.00001 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Vendor pursuant to the Placing and Subscription Agreement
“Subscription Price”	HK\$2.06 per Subscription Share, which is equivalent to the Placing Price (after deducting all relevant fees, costs and expenses in connection with the Placing and the Subscription, including the Placing Agent’s commission, stamp duty, the Stock Exchange trading fee and SFC transaction levy)
“Subscription Shares”	up to 18,000,000 new Shares to be allotted and issued by the Company and subscribed by the Vendor, pursuant to the Placing and Subscription Agreement and which shall equal to the number of the Placing Shares

“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professional valuer
“Vendor”	Xinyuan Real Estate, Ltd. (鑫苑地產有限公司), a company incorporated with limited liability in the Cayman Islands and wholly-owned by Xinyuan Real Estate Co., Ltd., is one of the Controlling Shareholders of the Company
“VIE Agreements”	the Exclusive Business Cooperation Agreement, the Exclusive Call Options Agreement, the Equity Pledge Agreement and the Powers of Attorney
“Xinyuan Real Estate Co., Ltd.”	Xinyuan Real Estate Co., Ltd., 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., a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“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, 25 January 2021

*For illustration purpose only, amounts in RMB in this announcement have been converted into HK\$ at the rate of RMB1=HK\$1.20.*

*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*