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If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shanghai XNG Holdings Limited you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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SHANGHAI XNG HOLDINGS LIMITED

Shanghai XNG Holdings Limited

上海小南国控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3666)

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES;
RE-ELECTION OF DIRECTOR;
PROPOSED ADOPTION OF THE NEW ARTICLES OF ASSOCIATION;
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of Shanghai XNG Holdings Limited to be held at Meeting Room, Room 2001, 20/F., Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong on Friday, 30 June 2023 at 2:00 p.m. is set out on pages 30 to 35 of this circular. A form of proxy for use at the Annual General Meeting is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). Whether or not you are able to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting at the Annual General Meeting if they so wish and in such event, the form of proxy will be deemed to be revoked.

25 May 2023

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DEFINITIONS

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

“Amendments”	the proposed amendments to the Articles of Association, details of which are set out in Appendix III to this circular
“Annual General Meeting”	the annual general meeting of the Company to be held at Meeting Room, Room 2001, 20/F., Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong on Friday, 30 June 2023 at 2:00 p.m., or any adjournment thereof and notice of which is set out on pages 30 to 35 of this circular
“Articles of Association”	the fourth amended and restated articles of association of the Company adopted on 7 March 2022 and effective from 9 March 2022
“Board”	the board of Directors
“Companies Act”	the Companies Act Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time
“Company”	Shanghai XNG Holdings Limited (上海小南国控股有限公司), an exempted company incorporated on 2 February 2010 in the Cayman Islands with limited liability, with its Shares listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“General Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to allot, issue and/or deal with Shares not exceeding 20% of the number of the issued Shares of the Company as at the date of passing of the relevant resolution granting the General Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Latest Practicable Date”	22 May 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“New Articles of Association”	the fifth amended and restated articles of association of the Company proposed to be adopted at the Annual General Meeting
“Remuneration Committee”	the remuneration committee of the Board
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to repurchase Shares not exceeding 10% of the number of the issued Shares of the Company as at the date of passing of the relevant resolution granting the Repurchase Mandate
“Securities and Futures Ordinance”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended or supplemented from time to time
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the capital of the Company
“Share Award Scheme”	the share award scheme adopted by the Company on 20 December 2019 and amended on 25 November 2021
“Share Option Scheme”	the post-listing share option scheme adopted by the Company which became effective on 4 July 2012
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers, as amended or supplemented from time to time
“%”	percent

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SHANGHAI XNG HOLDINGS LIMITED

Shanghai XNG Holdings Limited

上海小南国控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3666)

Executive Directors:

Mr. GU Dorson (*Chairman*)
Ms. PING Guoqin

Non-executive Directors:

Ms. WANG Huili
Ms. WU Wen

Independent Non-executive Directors:

Mr. LUI Wai Ming
Mr. ZHANG Zhenyu
Ms. LI Yuping

Registered office:

Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111
Cayman Islands

Headquarters:

Room 1601-05, 16/F, Building A
No.100 Zunyi Road
Changning District, Shanghai
The People's Republic of China

Principal place of business

in Hong Kong:

Room 2001, 20/F
Tower 2, Lippo Centre
No. 89 Queensway
Hong Kong

To the Shareholders,

Dear Sir or Madam,

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES;
RE-ELECTION OF DIRECTORS;
PROPOSED ADOPTION OF THE NEW ARTICLES OF ASSOCIATION;
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to give you the notice of Annual General Meeting and to provide you with information regarding the following proposals to be put forward at the Annual General Meeting: (a) the granting to the Directors of the General Mandate to issue Shares and the Repurchase Mandate to repurchase Shares; (b) the re-election of the Directors;

LETTER FROM THE BOARD

and (c) the proposed adoption of the New Articles of Association in order to enable you to make an informed decision as to whether to vote for or against the ordinary resolutions or special resolution at the Annual General Meeting.

GENERAL MANDATE TO ISSUE SHARES

In order to ensure flexibility and give discretion to the Directors, in the event that it becomes desirable for the Company to issue any new Shares, approval is to be sought from the Shareholders, pursuant to the Listing Rules, for the General Mandate to issue Shares. At the Annual General Meeting, an ordinary resolution no. 4(A) will be proposed to grant the General Mandate to the Directors to exercise the powers of the Company to allot, issue and deal with the additional Shares up to 20% of the number of the issued Shares of the Company as at the date of passing of the resolution in relation to the General Mandate.

As at the Latest Practicable Date, there were 2,213,031,000 Shares which have been issued and fully paid. Subject to the passing of the ordinary resolution no. 4(A) and on the basis that no further Shares are issued or repurchased after the Latest Practicable Date and up to the date of the Annual General Meeting, the Company will be allowed to issue a maximum of 442,606,200 Shares.

In addition, subject to a separate approval of the ordinary resolution no. 4(C), the number of Shares purchased by the Company under ordinary resolution no. 4(B) will also be added to extend the 20% limit of the General Mandate as mentioned in ordinary resolution no. 4(A) provided that such additional amount shall not exceed 10% of the total number of issued Shares of the Company as at the date of passing the resolutions in relation to the General Mandate and the Repurchase Mandate.

The Directors wish to state that they have no immediate plans to issue any new Shares of the Company pursuant to the General Mandate.

REPURCHASE MANDATE TO REPURCHASE SHARES

An ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Repurchase Mandate to the Directors to exercise the powers of the Company to repurchase Shares representing up to 10% of the total number of issued Shares of the Company as at the date of passing of the resolution in relation to the Repurchase Mandate.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the proposed Repurchase Mandate is set out in Appendix II to this circular. This explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the Annual General Meeting.

Subject to the approval of the above proposals by the Shareholders at the Annual General Meeting, the General Mandate and the Repurchase Mandate would expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; or (b) the expiration of the period within which the Company is required by the Companies Law or the Articles of Association to hold its next annual general meeting; or (c) when revoked or varied by ordinary resolution(s) of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

In accordance with article 84 of the Articles of Association, Ms. Ping Guoqin, Ms. Wang Huili and Ms. Wu Wen shall retire by rotation, and being eligible, offer themselves for re-election as Directors at the Annual General Meeting.

The Nomination Committee of the Company has reviewed the structure and composition of the Board, the acknowledgements and disclosures given by the Directors, the skills, experience, expertise, time and contributions of the Directors and the Company's corporate strategy.

The nominations were made in accordance with the nomination policy of the Company and the objective criteria (including without limitation, integrity, professional qualifications, skills, knowledge and experience). The Board has also taken into account the contributions of Ms. Ping Guoqin, Ms. Wang Huili and Ms. Wu Wen to the Board and the commitment to their roles.

Based on the Board's diversity policy adopted by the Company, and taking into account their educational background and experience as set out in Appendix I to this Circular, Ms. Ping Guoqin as Executive Director, Ms. Wang Huili and Ms. Wu Wen as Non-executive Directors will bring valuable perspectives, knowledge, skills and experience to the Board for its effective operation, and their appointment will contribute to the diversity of the Board.

Details of the above Directors who are subject to re-election at the Annual General Meeting are set out in Appendix I to this circular in accordance with the relevant requirements of the Listing Rules.

PROPOSED ADOPTION OF THE NEW ARTICLES OF ASSOCIATION

Pursuant to the Consultation Conclusions on Listing Regime for Overseas Issuers published by the Stock Exchange in November 2021, the Listing Rules have been amended with effect from 1 January 2022 which requires, among others, listed issuers to adopt a uniform set of 14 "Core Standards" for shareholder protections for issuers. As such, the Board proposes the Amendments and the adoption of the New Articles of Association for the purposes of, among others, (i) bringing the Articles of Association in line with amendments made to the Listing Rules and applicable laws of the Cayman Islands; and (ii) making certain minor housekeeping amendments to the Articles of Association, subject to the passing of the special resolution by the Shareholders, with effect from the conclusion of the Annual General Meeting. Details of the Amendments are set out in Appendix III of this circular.

The Company has been advised by (i) its Hong Kong legal advisers that the Amendments conform to the requirements of the Listing Rules; and (ii) its Cayman Islands legal advisers that the Amendments do not contravene the laws of the Cayman Islands. The Company also confirms that there is nothing unusual about the Amendments for a company listed on the Stock Exchange.

LETTER FROM THE BOARD

NOTICE OF ANNUAL GENERAL MEETING

Set out on pages 30 to 35 of this circular is the notice of the Annual General Meeting at which, amongst others, ordinary resolutions will be proposed to Shareholders to consider and approve the granting to the Directors of the General Mandate to issue Shares and the Repurchase Mandate to repurchase Shares, the re-election of the Directors and a special resolution for Shareholders to consider and approve the adoption of the New Articles of Association will be presented at the meeting.

The transfer books and register of members of the Company will be closed from 23 June 2023 to 30 June 2023, both days inclusive, in order to determine the entitlement of Shareholders to attend the Annual General Meeting, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 21 June 2023.

FORM OF PROXY

A form of proxy is enclosed for use at the Annual General Meeting. Such form of proxy is also published on the website of the Stock Exchange (www.hkexnews.hk). Whether or not you intend to be present at the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for the holding of the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude Shareholders from attending and voting at the Annual General Meeting if they so wish and in such event, the form of proxy will be deemed to be revoked.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules and article 66 of the Articles of Association, at any general meeting a resolution put to vote of the Shareholders is to be decided by way of a poll.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorized representative shall have one vote for every fully paid Share of which he is the holder. A Shareholder entitled to more than one vote needs not use all his votes or cast all the votes he uses in the same way.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the proposed resolutions for the granting to the Directors of the General Mandate to issue Shares and the Repurchase Mandate to repurchase Shares, the re-election of the Directors and the proposed adoption of the New Articles of Association are in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of all the resolutions to be proposed at the Annual General Meeting.

GENERAL

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions to be proposed at the Annual General Meeting.

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully
By order of the Board
Shanghai XNG Holdings Limited
GU Dorson
Chairman

25 May 2023

The following are the particulars of the Directors (as required by the Listing Rules) proposed to be re-elected at the Annual General Meeting.

As at the Latest Practicable Date, each of the following Directors, save as disclosed herein, did not have any interest in Shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed herein, no Director holds any position with the Company or any other member of the Group, nor has any directorships in other listed public companies in the last three years or other major appointment and professional qualifications. In addition, save as disclosed herein, no Director has any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders (as defined in the Listing Rules) of the Company.

Save as disclosed in this circular, there is no other matter in relation to the following Directors that needs to be brought to the attention of the Shareholders and there is no other information relating to the following Directors which is required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

PARTICULARS OF THE DIRECTORS PROPOSED FOR RE-ELECTION

Ms. PING Guoqin (“Ms. Ping”), aged 69, has been an executive Director of the Company since 10 June 2021. Ms. Ping has nearly 40 years of working experience in corporate financial management and governmental finance and tax. Ms. Ping was engaged in accounting and financial services since 1973, and served as capital manager, cost accountant, accounting manager and other posts, possessing extensive practical experience on the field of finance. Ms. Ping joined the finance and tax departments of the government in 1988, where she served as the director of the Tax Policy Division under the Tax Bureau of Changning District, Shanghai from 1992 to 2002, and was responsible for the operation training, guidance and policy clarification for the branch of the tax bureau. From 2002 to 2009, she held the position of financial director at Shanghai Xiao Nan Guo Group, and was responsible for the overall financial management of the company. Ms. Ping holds the qualification of economist and tax agent.

Ms. Ping has entered into a service contract with the Company for a period of 3 years commencing on 25 November 2021. Under the service contract, all Directors shall be automatically renewed for a continuous period of three years until termination in accordance with the terms and conditions of the service contract or until terminated by either party by giving at least three months’ written notice to the other party (subject to retirement and re-election at the annual general meeting of the Company in accordance with the Articles of Association). According to the service contract, Ms. Ping is entitled to an annual salary totaling RMB800,000. Ms. Ping’s remuneration as Director is determined by the Board based on her duties, the recommendations of the Remuneration Committee and prevailing market conditions. Ms. Ping received a director’s fee of RMB2,272,161 for the year ended 31 December 2022.

As at the Latest Practicable Date, Ms. Ping has an interest in the 62,739,425 shares/underlying shares of the Company, representing approximately 2.83% of the issued shares of the Company. Among them, 20,704,010 shares are unvested award shares granted under the Share Award Scheme.

Ms. WANG Huili (“Ms. Wang”), aged 65, is a non-executive Director of the Company since 30 August 2011. Ms. Wang is a co-founder of the Group and has worked for Xiao Nan Guo restaurants for over 32 years since commencement of business of the first restaurant under the brand “Xiao Nan Guo” at Changsha Road, Huangpu District, Shanghai in 1987 where she served as the manager in charge of its daily management until 2008. Ms. Wang was an executive Director of Shanghai Xiao Nan Guo Restaurant Co., Ltd. from January 2002 to July 2010 and was appointed as the supervisor of that company in July 2010. She also currently holds the Directorship of WHM Japan Co., Ltd. and Shanghai Wen Hui Huju Opera Troupe (上海文慧滬劇團).

Ms. Wang has entered into a service contract with the Company for a period of 3 years commencing on 22 January 2022. Under the service contract, all Directors shall be automatically renewed for a continuous period of three years until termination in accordance with the terms and conditions of the service contract or until terminated by either party by giving at least three months’ written notice to the other party (subject to retirement and re-election at the annual general meeting of the Company in accordance with the Articles of Association). According to the service contract, Ms. Wang is entitled to an annual salary totaling HK\$384,000. Ms. Wang’s remuneration as Director is determined by the Board based on her duties, the recommendations of the Remuneration Committee and prevailing market conditions. Ms. Wang received a director’s fee of RMB342,000 for the year ended 31 December 2022.

As at the Latest Practicable Date, Ms. Wang has an interest in the 138,410,625 shares/underlying shares of the Company, representing approximately 6.25% of the issued shares of the Company.

Ms. WU Wen (“Ms. Wu”), aged 54, is a non-executive Director of the Company since 15 March 2018 and is primarily responsible for other work required by the Board. Ms. Wu started her career with Xiao Nan Guo restaurants since her joining of the first restaurant under the brand “Xiao Nan Guo” at Changsha Road, Huangpu District, Shanghai in 1993 where she was responsible for customer services related matters until 2008. During over 20 years with Xiao Nan Guo restaurants, Ms. Wu served various positions at the Company’s wholly-owned subsidiaries which primarily focus on the Company’s restaurant business in Shanghai, including executive Directors of Shanghai Pudong Xiao Nan Guo Restaurant Co., Ltd. (上海浦東小南國餐飲有限公司) from 1997 to 2011 and Shanghai Jing’an Xiao Nan Guo Co., Ltd. (上海靜安小南國餐飲有限公司) from 2004 to 2008, respectively.

Ms. Wu has entered into a service contract with the Company for a period of 3 years from 22 January 2022. Under the service contract, all Directors shall be automatically renewed for a continuous period of three years until termination in accordance with the terms and conditions of the service contract or until terminated by either party by giving at least three months’ written notice to the other party (subject to retirement and re-election at the annual general meeting of the Company in accordance with the Articles of Association). Ms. Wu is entitled to an annual director’s fee totalling HK\$384,000. Ms. Wu’s director’s remuneration is determined by the Board based on her duties, the recommendation of the Remuneration Committee and the prevailing market conditions. Ms. Wu received a director’s fee of RMB342,180 for the year ended 31 December 2022.

As at the Latest Practicable Date, Ms. Wu has an interest in the 86,820,681 shares/underlying shares of the Company, representing approximately 3.92% of the issued shares of the Company.

The following is an explanatory statement required to be sent to the Shareholders under the Listing Rules in connection with the proposed Repurchase Mandate.

ISSUED SHARES

As at the Latest Practicable Date, the number of issued Shares of the Company was 2,213,031,000 Shares of nominal value of HK\$0.01 each which have been fully paid. Subject to the passing of the resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the Annual General Meeting, the Company will be allowed to repurchase a maximum of 221,303,100 Shares which represent 10% of the issued Shares of the Company during the period ending on the earlier of (a) the conclusion of the next annual general meeting of the Company; or (b) the expiration of the period within which the Company is required by the Companies Law or the Articles of Association to hold its next annual general meeting; or (c) when revoked or varied by ordinary resolution(s) of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

REASONS AND FUNDING OF REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase its Shares. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or its earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders as a whole.

Repurchases of Shares will be financed out of funds legally available for the purpose and in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands. The Companies Law provides that the amount of capital repaid in connection with a share repurchase may be paid out of the profits of the Company or the proceeds of a fresh issue of Shares made for the purposes of the repurchase or out of capital subject to and in accordance with the Companies Law. The amount of premium payable on repurchase may only be paid out of either the profits of the Company or out of the share premium account before or at the time the Company's Shares are repurchased in the manner provided for in the Companies Law.

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company. The Directors consider that if the Repurchase Mandate was to be exercised in full, it may not have a material adverse impact on the working capital or on the gearing position of the Company, as compared with the positions disclosed in the audited consolidated financial statements of the Company as at 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up. The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

GENERAL

To the best of their knowledge, having made all reasonable enquiries, none of the Directors or any of their close associates, as defined in the Listing Rules, currently intends to sell any Shares to the Company or its subsidiaries, if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Articles of Association of the Company and the applicable laws of the Cayman Islands.

No core connected person, as defined in the Listing Rules, has notified the Company that he or she has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is approved by the Shareholders.

TAKEOVERS CODE

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any repurchase of Shares pursuant to the Repurchase Mandate.

The Directors are not aware of any consequences which would give rise to an obligation for it to make a mandatory offer under Rule 26 of the Takeovers Code. As at the Latest Practicable Date, none of the Shareholders or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code. The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code and/or result in the aggregate number of Shares held by the public Shareholders falling below the prescribed minimum percentage required under the Listing Rules.

The Listing Rules prohibit a company from making repurchase on the Stock Exchange if the result of the repurchase would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the total number of issued shares would be in public hands. The Directors do not propose to repurchase Shares which would result in less than the prescribed minimum percentage of Shares in public hands.

SHARE REPURCHASE MADE BY THE COMPANY

No repurchases of Shares have been made by the Company during the six months preceding the Latest Practicable Date (whether on the Stock Exchange or otherwise).

SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during the twelve months preceding the Latest Practicable Date are as follows:

Month	Highest prices <i>HK\$</i>	Lowest prices <i>HK\$</i>
2022		
May	0.075	0.044
June	0.089	0.069
July	0.109	0.076
August	0.115	0.075
September	0.100	0.070
October	0.080	0.056
November	0.085	0.060
December	0.099	0.067
2023		
January	0.099	0.068
February	0.090	0.063
March	0.086	0.053
April	0.077	0.055
May (up to the Latest Practicable Date)	0.075	0.054

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

A summary of the details of the proposed major amendments to the Articles of Association as a result of the adoption of New Articles of Association are as follows (deletions are shown by way of strikethrough and additions are highlighted in underline).

SUMMARY OF MAJOR AMENDMENTS

That the Articles be and are hereby amended as follows (for reference purposes, marked up against the Articles, where applicable):

- (1) By replacing the words “Companies Act (Revised)” wherever they may appear and replacing them with the words “Companies Act (As Revised)”.
- (2) By replacing the words “rules of the Designated Stock Exchange” wherever they may appear with the words “Listing Rules”.
- (3) By replacing the words “Company Limited by Shares” with the words “Exempted Company Limited by Shares”.

Article 1

- (4) By replacing the word “(Revised)” with the words “(as defined in Article 2)”.

Article 2

- (5) By replacing the definition of “Act” with the following:

“Act”	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands <u>and any amendments thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor.</u>
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- (6) By deleting the definition of “associate” in its entirety;
- (7) By deleting the definition of “business day” in its entirety;
- (8) By adding the following definition immediately after the defined term of “clearing house”:

<u>“close associate”</u>	<u>in relation to any Director, shall have the same meaning as defined in the Listing Rules as modified from time to time, except that for purposes of Article 100 where the transaction or arrangement to be approved by the Board is a connected transaction referred to in the Listing Rules, it shall have the same meaning as that ascribed to “associate” in the Listing Rules.</u>
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APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

- (9) By adding the following definition immediately after the defined term of “head office”:

“Listing Rules” the rules and regulations of the Designated Stock Exchange.

- (10) By deleting the definition of “Subsidiary and Holding Company” in its entirety;

- (11) By deleting Article 2(h) in its entirety and replacing with the following:

(h) references to a document (including, but without limitation, a resolution in writing) being signed or executed include references to it being signed or executed under hand or under seal or by electronic signature or by any other method and references to a ~~notice~~Notice or document include a ~~notice~~Notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not;

- (12) By inserting the following new Articles 2(i) and (j) immediately after Article 2(h):

(i) reference to a meeting shall, where the context is appropriate, include a meeting that has been postponed by the Board pursuant to Article 64;

(j) where a Member is a corporation, any reference in these Articles to a Member shall, where the context requires, refer to a duly authorised representative of such Member; and

- (13) By deleting Article 2(k) in its entirety and replacing with the following:

(k) Section 8 and Section 19 of the Electronic Transactions Act (2003) of the Cayman Islands, as amended from time to time, shall not apply to these Articles to the extent it imposes obligations or requirements in addition to those set out in these Articles.

Article 3

- (14) By replacing the word “HK\$0.01” in Article 3(1) with the word “\$0.01”.

- (15) By deleting the first sentence of Article 3(2) and replacing with the following:

(2) Subject to the Act, the Company’s Memorandum and Articles of Association and, where applicable, the Listing Rules, and/or the rules and regulations of any Designated Stock Exchange and/or any competent regulatory authority, the Company shall have the power to purchase or otherwise acquire its own shares and such power shall be exercisable by the Board in such manner, upon such terms and subject to such conditions as it in its absolute discretion thinks fit and any determination by the Board of the manner of purchase shall be deemed authorised by these Articles for purposes of the Act.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

- (16) By deleting Article 3(3) in its entirety and replacing with the following:
- (3) Subject to compliance with the Listing Rules and the rules and regulations of ~~the Designated Stock Exchange and any other relevant~~competent regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.
- (17) By inserting the following new Article 3(4) immediately after Article 3(3):
- (4) The Board may accept the surrender for no consideration of any fully paid share.
- (18) By renumbering the existing Article 3(4) as Article 3(5);

Article 8

- (19) By renumbering the existing Article 8(1) as Article 8;

Article 9

- (20) By deleting Article 9 in its entirety;
- (21) By renumbering the existing Article 8(2) as Article 9;

Article 10

- (22) By deleting Article 10(a) in its entirety and replacing with the following:
- (a) the necessary quorum (~~other than~~including at an adjourned meeting) shall be two persons (or in the case of a Member being a corporation, its duly ~~authorized~~authorised representative) holding or representing by proxy not less than one-third in nominal value of the issued shares of that class ~~and at any adjourned meeting of such holders, two holders present in person or (in the case of a Member being a corporation) its duly authorized representative or by proxy (whatever the number of shares held by them) shall be a quorum;~~ and

Article 12

- (23) By deleting the first sentence of Article 12(1) in its entirety and replacing with the following:
- (1) Subject to the Act, these Articles, any direction that may be given by the Company in general meeting and, where applicable, the ~~rules of any Designated Stock Exchange~~Listing Rules and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

shares, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may in its absolute discretion determine but so that no shares shall be issued at a discount to their nominal value.

Article 16

(24) By deleting Article 16 in its entirety and replacing with the following:

16. Every share certificate shall be issued under the Seal or a facsimile thereof or with the Seal printed thereon and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon and may otherwise be in such form as the Directors may from time to time determine. The seal of the Company may only be affixed or imprinted to a share certificate with the authority of the Directors, or be executed under the signature of appropriate officials with statutory authority, unless otherwise determined by the Directors. No certificate shall be issued representing shares of more than one class. The Board may by resolution determine, either generally or in any particular case or cases, that any signatures on any such certificates (or certificates in respect of other securities) need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon.

Article 44

(25) By deleting Article 44 in its entirety and replacing with the following:

44. The Register and branch register of Members maintained in Hong Kong, as the case may be, shall be open to inspection for at least two (2) hours during business hours by Members without charge or by any other person, upon a maximum payment of \$2.50 or such lesser sum specified by the Board, at the Office or such other place at which the Register is kept in accordance with the Act or, if appropriate, upon a maximum payment of \$1.00 or such lesser sum specified by the Board at the Registration Office. The Register including any overseas or local or other branch register of Members may, after notice has been given by advertisement in ~~an appointed newspaper or any other~~ newspapers in accordance with the requirements of any Designated Stock Exchange or by any electronic means in such manner as may be accepted by the Designated Stock Exchange to that effect, be closed at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares. The period of thirty (30) days may be extended for a further period or periods not exceeding thirty (30) days in respect of any year if approved by the Members by ordinary resolution.

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Article 45

(26) By deleting Article 45 in its entirety and replacing with the following:

45. ~~Notwithstanding~~ Subject to the Listing Rules, notwithstanding any other provision of these Articles the Company or the Directors may fix any date as the record date for:
- (a) ~~determining the Members entitled to receive any dividend, distribution, allotment or issue and such record date may be on, or at any time not more than thirty (30) days before or after, any date on which such dividend, distribution, allotment or issue is declared, paid or made;~~
 - (b) determining the Members entitled to receive ~~notice~~ Notice of and to vote at any general meeting of the Company.

Article 46

(27) By deleting Article 46 in its entirety and replacing with the following:

46. (1) ~~Subject to these Articles, any Member may transfer all or any of his shares in any manner permitted by and in accordance with the rules of the Designated Stock Exchange or by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in any other form approved by the Board and may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.~~
- (2) Notwithstanding the provisions of sub-paragraph (1) above, for so long as any shares are listed on the Designated Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the Listing Rules that are or shall be applicable to such listed shares. The register of members of the Company in respect of its listed shares (whether the Register or a branch register) may be kept by recording the particulars required by Section 40 of the Act in a form otherwise than legible if such recording otherwise complies with the laws applicable to and Listing Rules that are or shall be applicable to such listed shares.

Article 51

(28) By deleting Article 51 in its entirety and replacing with the following:

51. The registration of transfers of shares or of any class of shares may, after notice has been given by announcement or by electronic communication or by advertisement in any newspapers or by any other means in accordance with the requirements of any Designated Stock Exchange to that effect be

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine. The period of thirty (30) days may be extended for a further period or periods not exceeding thirty (30) days in respect of any year if approved by the Members by ordinary resolution.

Article 55

(29) By deleting Article 55(2)(c) in its entirety and replacing with the following:

- (c) the Company, if so required by the ~~rules governing the listing of shares on the Designated Stock Exchange Listing Rules~~, has given notice to, and caused advertisement in newspapers in accordance with the requirements of, the Designated Stock Exchange to be made of its intention to sell such shares in the manner required by the Designated Stock Exchange, and a period of three (3) months or such shorter period as may be allowed by the Designated Stock Exchange has elapsed since the date of such advertisement.

Article 56

(30) By deleting Article 56 in its entirety and replacing with the following:

- 56. An annual general meeting of the Company shall be held ~~infor each year other than the financial year of the Company's adoption of these Articles (within a period of not more than fifteen (15) months after the holding of the last preceding and such annual general meeting or not more than eighteen~~ must be held within six (186) months after the dateend of adoption of these Articles; the Company's financial year (unless a longer period would not infringe the rules of the Designated Stock Exchange Listing Rules, if any) at such time and place as may be determined by the Board.

Article 57

(31) By deleting Article 57 in its entirety and replacing with the following:

- 57. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting. General meetings may be held in any part of the world as may be determined by the Board. Notwithstanding any provisions in these Articles, any general meeting or any class meeting may be held by means of such telephone, electronic or other communication facilities as to permit all persons participating in the meeting to communicate with each other, and participation in such a meeting shall constitute presence at such meeting. Unless otherwise determined by the Directors, the manner; of convening and the proceedings at a general meeting set out in these Articles shall, *mutatis mutandis*, apply to a general meeting held wholly by or in-combination with electronic means.

Article 58

(32) By deleting Article 58 in its entirety and replacing with the following:

58. The Board may whenever it thinks fit call extraordinary general meetings. Any one or more Member(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, on a one vote per share basis, shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Article 59

(33) By deleting Article 59 in its entirety and replacing with the following:

59. (1) An annual general meeting ~~shall~~must be called by Notice of not less than twenty-one (21) clear days ~~and not less than twenty (20) clear business days and any extraordinary general meeting at which the passing of a special resolution is to be considered shall be called by Notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings may.~~ All other general meetings (including an extraordinary general meeting) must be called by Notice of not less than fourteen (14) clear days ~~and not less than ten (10) clear business days but if permitted by the rules of the Designated Stock Exchange Listing Rules, a general meeting may be called by shorter notice, subject to the Act, if it is so agreed:~~

(a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and

(b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together ~~holding~~representing not less than ninety-five per cent. (95%) ~~in nominal value of the total voting rights at the meeting of all the issued shares giving that right~~Members.

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Article 61

- (34) By deleting Articles 61(1)(f) and (g) in its entirety;
- (35) By deleting Article 61(2) in its entirety and replacing with the following:
- (2) No business other than the appointment of a chairman of a meeting shall be transacted at any general meeting unless a quorum is present at the commencement of the business. Two (2) Members entitled to vote and present in person ~~or by proxy or~~ (in the case of a Member being a corporation) by its duly authorised representative or by proxy or, for quorum purposes only, two persons appointed by the clearing house as authorised representative or proxy shall form a quorum for all purposes.

Article 63

- (36) By deleting Article 63 in its entirety and replacing with the following:
63. The chairman of the Company or if there is more than one chairman, any one of them as may be agreed amongst themselves or failing such agreement, any one of them elected by all the Directors present shall preside as chairman at every a general meeting. If at any meeting the no chairman, is not present within fifteen (15) minutes after the time appointed for holding the meeting, or is not willing to act as chairman, the deputy chairman of the Company or if there is more than one deputy chairman, any one of them as may be agreed amongst themselves or failing such agreement, any one of them elected by all the Directors present shall preside as chairman. If no chairman or deputy chairman is present or is willing to act as chairman of the meeting, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, or if the chairman chosen shall retire from the chair, the Members present in person or (in the case of a Member being a corporation) by its duly authorised representative or by proxy and entitled to vote shall elect one of their number to be chairman of the meeting.

Article 64

- (37) By deleting Article 64 in its entirety and replacing with the following:
64. The Prior to the holding of a general meeting, the Board may postpone, and at a general meeting, the chairman may, with (without the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) or shall at the direction of the meeting, adjourn the meeting from time to time (or indefinitely) and from place to place as the meeting shall determine, but no business shall be transacted at any adjourned or postponed meeting other than the business which might lawfully have been transacted at the meeting had the adjournment or the postponement not taken place. Notice of a

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

postponement must be given to all Members by any means as the Board may determine. When a meeting is adjourned for fourteen (14) days or more, at least seven (7) clear days' notice of the adjourned meeting shall be given specifying the time and place of the adjourned meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid, it shall be unnecessary to give notice of an adjournment.

Article 66

(38) By deleting Article 66(1) in its entirety and replacing with the following:

- (1) Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Articles, at any general meeting on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every Member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a Member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For purposes of this Article, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its Members; and (ii) relate to the chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all Members a reasonable opportunity to express their views. Votes (whether on a show of hands or by way of poll) may be cast by such means, electronic or otherwise, as the Directors or the chairman of the meeting may determine.

Article 72

(39) By deleting the words "on a poll" in Article 72(1).

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Article 73

- (40) By inserting the following new Article 73(2) and renumbering the existing Article 73(2) to Article 73(3):
- (2) All Members shall have the right to (a) speak at a general meeting; and (b) vote at a general meeting except where a Member is required, by the Listing Rules, to abstain from voting to approve the matter under consideration.

Article 77

- (41) By deleting the words “in person” in the last sentence of Article 77.

Article 81

- (42) By deleting the last sentence of Article 81(2) in its entirety and replacing with the following:
- (2) Each person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) including, the right to speak and to vote, and where a show of hands is allowed, the right to vote individually on a show of hands.

Article 83

- (43) By deleting Article 83(3) in its entirety and replacing with the following:
- (3) The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Members after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following first annual general meeting of the Company after his appointment and shall then be eligible for re-election.
- (44) By deleting Article 83(5) in its entirety and replacing with the following:
- (5) The Members may, at any general meeting convened and held in accordance with these Articles, by ordinary resolution remove a Director (including a managing or other executive Director) at any time before the expiration of his period term of office notwithstanding anything to the contrary in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).
- (45) By adding the word “of” immediately after the words “election or appointment by ordinary resolution” in Article 83(6);

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Article 84

(46) By deleting Article 84(1) in its entirety and replacing with the following:

- (1) Notwithstanding any other provisions in the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Article 85

(47) By deleting Article 85 in its entirety and replacing with the following:

85. No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that ~~the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that (if the Notices are submitted after the despatch of the notice of such Notices must be lodged with the Company at least fourteen (14) days prior to the date of the general meeting appointed for such of election) the period for lodgment of such Notice(s) shall commence on but no earlier than~~ the day after the despatch of the ~~notice~~ Notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Article 93

(48) By deleting the words “or by the Board” in Article 93.

Article 100

(49) By deleting Article 100(1) in its entirety and replacing with the following:

100. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his close associates is materially interested, but this prohibition shall not apply to any of the following matters namely:
- (i) any contract or arrangement for the giving of any security or indemnity either:-
 - (a) to suchthe Director or his close associate(s) ~~any security or indemnity~~ in respect of money lent by him or any of his

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associate(s)-or obligations incurred or undertaken by him or any of ~~his associate(s)~~them at the request of or for the benefit of the Company or any of its subsidiaries; or

- (b) (ii) ~~any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;~~
- (iii) ~~any contract or arrangement~~proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase; where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) ~~any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or~~
- (viii) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
 - (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme; under which the Director or his close associate(s) may benefit; or
 - (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors or the Director, his close associate(s) and to employees employee(s) of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally accorded to the class of persons to which such scheme or fund relates;
- (iv) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

Article 101

(50) By deleting Article 101(4) in its entirety and replacing with the following:

- (4) ~~Except as~~The Company shall not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would, if the Company were a company incorporated in Hong Kong, be permitted~~prohibited~~ by Section 157H of the Companies Ordinance (Chapter 3622 of the Laws~~laws~~ of Hong Kong) as in force at the date of adoption of these Articles, and except as permitted under the Act, the Company shall not directly or indirectly: if the Company were a company incorporated in Hong Kong.
- (i) ~~make a loan to a Director or a director of any holding company of the Company or to any of their respective associates (as defined by the rules, where applicable, of the Designated Stock Exchange);~~
- (ii) ~~enter into any guarantee or provide any security in connection with a loan made by any person to a Director or such a director; or~~
- (iii) ~~if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.~~ Article 101(4) shall only have effect for so long as the shares of the Company are listed on The Stock Exchange of Hong Kong Limited.

Article 112

(51) By deleting Article 112 in its entirety and replacing with the following:

112. A meeting of the Board may be convened by the Secretary on request of a Director or by any Director. The Secretary shall convene a meeting of the Board whenever he shall be required so to do by any Director. Notice of a meeting of the Board shall be deemed to be duly given to a Director if it is given to such Director in writing or verbally (including in person or by telephone) or via electronic mail or by telephone or in such other manner as the Board may from time to time determine ~~whenever he shall be required so to do by any Director~~.

Article 113(2)

(52) By inserting the word “, electronic” immediately after the words by “by means of a conference telephone” in Article 113(2).

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Article 115

(53) By deleting Article 115 in its entirety and replacing with the following:

115. The Board may elect ~~a~~one or more chairman and one or more deputy chairman of its meetings and determine the period for which they are respectively to hold such office. If no chairman or deputy chairman is elected, or if at any meeting ~~neither the~~no chairman ~~nor any~~or deputy chairman is present within five (5) minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.

Article 124

(54) By deleting Article 124(1) in its entirety and replacing with the following:

(1) The officers of the Company shall consist of ~~a~~at least one chairman, the Directors and Secretary and such additional officers (who may or may not be Directors) as the Board may from time to time determine, all of whom shall be deemed to be officers for the purposes of the Act and these Articles.

(55) By deleting Article 124(2) in its entirety and replacing with the following:

(2) The Directors shall, as soon as may be after each appointment or election of Directors, elect amongst the Directors a chairman and if more than one (1) Director is proposed for this office, ~~the election to such office shall take place~~Directors may elect more than one chairman in such manner as the Directors may determine.

Article 142(2)(a)

By replacing the words “sub-paragraph (a) or (b) of paragraph (2)” in Article 142(2)(a) by the words “sub-paragraph (a) or (b) of paragraph (1)”.

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Article 144

(56) By renumbering Article 144 as Article 144(1) and inserting the following Article 144(2):

- (2) Notwithstanding any provisions in these Articles, the Board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Members at a general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Members at a general meeting.

Article 152

(57) By deleting Article 152 in its entirety and replacing with the following:

152. (1) At the annual general meeting or at a subsequent extraordinary general meeting in each year, the Members shall by ordinary resolution appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Such auditor may be a Member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company.
- (2) The Members may, at any general meeting convened and held in accordance with these Articles, by ordinary resolution remove the Auditor at any time before the expiration of his term of office and shall by ordinary resolution at that meeting appoint another Auditor in his stead for the remainder of his term.

Article 153

(58) By deleting Article 153 in its entirety and replacing with the following:

153. Subject to the Act, the accounts of the Company shall be audited at least once in every year.

Article 154

(59) By deleting Article 154 in its entirety and replacing with the following:

154. The remuneration of the Auditor shall be fixed by an ordinary resolution passed at a general meeting or in such manner as the Members may by ordinary resolution determine.

Article 155

(60) By deleting Article 155 in its entirety and replacing with the following:

155. The Directors may fill any casual vacancy in the office of Auditor but while any such vacancy continues the surviving or continuing Auditor or Auditors, if any, may act. The remuneration of the any Auditor shall appointed by the Directors under this Article may be fixed by the Company in Board. Subject to Article 152(2), an Auditor appointed under this Article shall hold office until the next following annual general meeting or in such manner as the Members may determine.~~155. If the office of auditor becomes vacant by the resignation or death of the Auditor, or by his becoming incapable of acting by reason of illness or other disability at a time when his services are required, of the Directors Company and shall fill the vacancy and fix the then be subject to appointment by the Members under Article 152(1) at such remuneration of to be determined by the Auditor so appointed. Members under Article 154.~~

Article 159

(61) By deleting Article 159(d) in its entirety and replacing with the following:

(d) may be given to a Member either in the English language only or in both the English language and the Chinese language or, with the consent of or election by any Member, in the Chinese language only to such Member, subject to due compliance with all applicable Statutes, rules and regulations.

Article 161

(62) By adding the following sentence to the end of Article 161:

The signature to any Notice or document to be given by the Company may be written, printed or in electronic form.

Article 162

(63) By deleting Article 162 in its entirety and replacing with the following:

162. (1) ~~The~~Subject to Article 162(2), the Board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

(2) ~~A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.~~

(2) Unless otherwise provided by the Act, a resolution that the Company be wound up by the court or to be wound up voluntarily shall be a special resolution.

Article 163

(64) By deleting Article 163(3) in its entirety.

Article 164

(65) By replacing the words “The Directors, Secretary and other officers and every Auditor for the time being of the Company and the liquidator or trustees (if any) for the time being acting in relation to any of the affairs of the Company” at the beginning of Article 164(1) with the words “The Directors, Secretary and other officers and every Auditor for the time being of the Company at any time, whether at present or in the past, and the liquidator or trustees (if any) for the time being acting or who have acted in relation to any of the affairs of the Company”.

Articles 164A

(66) By replacing the word “31” in Article 164A by the words “31st day”.

(67) By renumbering Article 164A as Article 165.

Article 165

(68) By renumbering Article 165 as Article 166.

Article 166

(69) By replacing the words “members of the Company” by the word “Members”.

(70) By renumbering Article 166 as Articles 167.

NOTICE OF ANNUAL GENERAL MEETING

上 | 海 | 小 | 南 | 国

SHANGHAI XNG HOLDINGS LIMITED

Shanghai XNG Holdings Limited

上海小南国控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3666)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting of Shanghai XNG Holdings Limited (the “**Company**”) will be held at Meeting Room, Room 2001, 20/F., Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong on Friday, 30 June 2023 at 2:00 p.m. for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolutions:

ORDINARY RESOLUTIONS

1. To receive and adopt the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and auditors of the Company for the year ended 31 December 2022.
2. (a) To re-elect the following directors of the Company (the “**Director(s)**”):
 - (i) Ms. PING Guoqin as an executive Director.
 - (ii) Ms. WANG Huili as a non-executive Director.
 - (iii) Ms. WU Wen as a non-executive Director.
- (b) To authorise the board of directors of the Company (the “**Board**”) to fix the remuneration of the Directors.
3. To re-appoint BDO Limited as auditor of the Company and authorise the Board to fix their remuneration for the financial year ending 31 December 2023.
4. To consider and, if thought fit, to pass (with or without modification), the following resolutions as ordinary resolutions:
 - (A) “**That:**
 - (i) subject to paragraph (iii) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with the additional shares in the capital of the Company or securities convertible into shares, or

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options, warrants or similar rights to subscribe for shares or such convertible securities of the Company and to make or grant offers, agreements and/or options (including bonds, warrants and debentures convertible into shares of the Company) which may require the exercise of such powers be and is hereby generally and unconditionally approved;

- (ii) the approval in paragraph (i) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and/or options which may require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors during the Relevant Period (as hereinafter defined) pursuant to paragraph (i) above, otherwise than pursuant to (1) a Rights Issue (as hereinafter defined); or (2) the grant or exercise of any option under the option scheme of the Company or any other option, scheme or similar arrangements for the time being adopted for the grant or issue to the directors, officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (3) any scrip dividend or similar arrangements providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company in force from time to time; or (4) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into shares of the Company, shall not exceed the aggregate of 20% of the total number of issued shares of the Company as at the date of passing this resolution and the said approval shall be limited accordingly; and
- (iv) for the purpose of this resolution:
 - (a) "Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:
 - (1) the conclusion of the next annual general meeting of the Company;
 - (2) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held;
 - (3) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

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(b) “Rights Issue” means an offer of shares in the capital of the Company, or an offer or issue of warrants, options or other securities giving rights to subscribe for shares, open for a period fixed by the Directors to holders of shares in the capital of the Company whose names appear on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognised regulatory body or any stock exchange applicable to the Company).”

(B) “That:

- (i) subject to paragraph (ii) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the shares of the Company may be listed and recognized for this purpose by the Securities and Futures Commission and the Stock Exchange under the Code on Share Buy-backs and, subject to and in accordance with all applicable laws and the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby generally and unconditionally approved;
- (ii) the number of the shares of the Company, which may be repurchased pursuant to the approval in paragraph (i) above shall not exceed 10% of the aggregate number of the issued Shares of the Company as at the date of passing of this resolution, and the said approval shall be limited accordingly;
- (iii) subject to the passing of each of the paragraphs (i) and (ii) of this resolution, any prior approvals of the kind referred to in paragraphs (i) and (ii) of this resolution which had been granted to the directors of the Company and which are still in effect be and are hereby revoked; and

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(iv) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
 - (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held; and
 - (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
- (C) “**That** conditional upon the resolutions numbered 4(A) and 4(B) set out in the notice convening this meeting being passed, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with new shares of the Company and to make or grant offers, agreements and options which might require the exercise of such powers pursuant to the ordinary resolution numbered 4(A) set out in the notice convening this meeting be and is hereby extended by the addition to the number of the issued shares of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the number of issued shares of the Company repurchased by the Company under the authority granted pursuant to ordinary resolution numbered 4(B) set out in the notice convening this meeting, provided that such amount shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of the resolutions.”

SPECIAL RESOLUTION

5. To consider and, if thought fit, the following resolution as special resolution of the Company:

“**THAT** the fourth amended and restated articles of association be amended in the manner as set out in the circular of the Company dated 25 May 2023 (the “**Circular**”); the fifth amended and restated articles of association in the form produced to the meeting, a copy of which has been marked “A” and signed by the chairman of the annual general meeting for the purpose of identification, which consolidates all the proposed amendments mentioned in the Circular, be approved and adopted in substitution for and to the exclusion of the fourth amended and restated articles of association with immediate effect after the close of the meeting; and that any one of the Directors be and is hereby authorised to do all things necessary to implement the adoption of the fifth amended and restated articles of

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association and to make relevant registrations and filings in accordance with the relevant requirements of the applicable laws, rules and regulations in the Cayman Islands and Hong Kong.”

By order of the Board
Shanghai XNG Holdings Limited
GU Dorson
Chairman

Shanghai, the People’s Republic of China, 25 May 2023

Registered office:

Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111
Cayman Islands

Headquarters:

Room 1601-05, 16/F, Building A
No.100 Zunyi Road
Changning District, Shanghai
The People’s Republic of China

Principal place of business in Hong Kong:

Room 2001, 20/F
Tower 2, Lippo Centre
No. 89 Queensway
Hong Kong

Notes:

- (i) Ordinary resolution numbered 4(C) will be proposed to the shareholders for approval provided that ordinary resolutions numbered 4(A) and 4(B) are passed by the shareholders of the Company.
- (ii) A shareholder entitled to attend and vote at the above meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her; a proxy need not be a shareholder of the Company.
- (iii) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (iv) In order to be valid, a form of proxy must be deposited at the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.
- (v) The transfer books and register of members of the Company will be closed from 23 June 2023 to 30 June 2023, both days inclusive, in order to determine the entitlement of shareholders to attend the above meeting, during which period no share transfers can be registered. All transfers accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 21 June 2023.
- (vi) In respect of ordinary resolution numbered 2 above, Ms. PING Guoqin, Ms. WANG Huili and Ms. WU Wen shall retire and being eligible, offer themselves for re-election at the above meeting. Details of the above directors are set out in Appendix I to the Company’s circular dated 25 May 2023.

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- (vii) In respect of the ordinary resolution numbered 4(A) above, the directors of the Company wish to state that they have no immediate plans to issue any new shares of the Company. Approval is being sought from the shareholders of the Company as a general mandate for the purposes of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

- (viii) In respect of ordinary resolution numbered 4(B) above, the directors of the Company wish to state that they will exercise the powers conferred by the general mandate to repurchase shares of the Company in circumstances which they deem appropriate for the benefits of shareholders of the Company. The explanatory statement containing the information necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own shares, as required by the Listing Rules, is set out in Appendix II to the Company's circular dated 25 May 2023.