

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 DIRECTORS;
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of Shanghai XNG Holdings Limited to be held at Meeting Room, Jingjing Nanguo Store, Unit 509-510, 5/F, POPC, No.8 Minhong Road, Minhang District, Shanghai, the People's Republic of China on Friday, 28 June 2024 at 2:00 p.m. is set out on pages 15 to 19 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.

28 May 2024

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DEFINITIONS

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

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| “Annual General Meeting” | the annual general meeting of the Company to be held at Meeting Room, Jingjing Nanguo Store, Unit 509-510, 5/F, POPC, No.8 Minhong Road, Minhang District, Shanghai, the People’s Republic of China on Friday, 28 June 2024 at 2:00 p.m., or any adjournment thereof and notice of which is set out on pages 15 to 19 of this circular |
| “Articles of Association” | the fifth amended and restated articles of association of the Company adopted on 30 June 2023 |
| “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 |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Issue 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 as at the date of passing of the relevant resolution granting the Issue Mandate |

DEFINITIONS

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| “Latest Practicable Date” | 24 May 2024, 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 |
| “Nomination Committee” | the nomination committee of the Board |
| “Ordinary Resolution(s)” | the proposed ordinary resolution(s) as referred to in the Notice of Annual General Meeting |
| “PRC” | The People’s Republic of China, for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “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 as at the date of passing of the relevant resolution granting the Repurchase Mandate |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “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” or “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited |

DEFINITIONS

“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. ZHANG Zhenyu

Ms. LI Yuping

Mr. LEUNG Yiu Cho

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

28 May 2024

To the Shareholders,

Dear Sir or Madam,

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES;
RE-ELECTION OF DIRECTORS;
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 Issue Mandate to issue Shares and the Repurchase Mandate to repurchase Shares; and (b) the re-election of the Directors in order to enable you to make an informed decision as to whether to vote for or against the ordinary resolutions at the Annual General Meeting.

LETTER FROM THE BOARD

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 Issue Mandate to issue Shares. At the Annual General Meeting, an ordinary resolution no. 4(A) will be proposed to grant the Issue 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 as at the date of passing of the resolution in relation to the Issue Mandate.

As at the Latest Practicable Date, there were 2,213,031,000 Shares in issue. 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 Issue 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 as at the date of passing the resolutions in relation to the Issue 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 Issue 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 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 Issue Mandate and the Repurchase Mandate will 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 Act 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 RETIRING DIRECTORS

The Board currently consists of seven Directors, of which two are executive Directors, namely Mr. GU Dorson and Ms. PING Guoqin; two are non-executive Directors, namely Ms. WANG Huili and Ms. WU Wen; and three are independent non-executive Directors, namely Mr. ZHANG Zhenyu and Mr. LI Yuping and Mr. LEUNG Yiu Cho.

In accordance with Article 83(3) of the Articles of Association, Mr. LEUNG Yiu Cho was appointed by the Board as an independent non-executive Director on 20 October 2023. He will retire at the Annual General Meeting and, being eligible and willing to, offer himself for re-election at the Annual General Meeting of the Company.

In accordance with Article 84 of the Articles of Association, Mr. GU Dorson and Mr. ZHANG Zhenyu shall retire by rotation at the Annual General Meeting. Mr. GU Dorson has decided not to stand for re-election at the Annual General Meeting and will retire from his office as an executive Director upon conclusion of the Annual General Meeting of the Company, with an aim to devoting more time to his other commitments and pursuits. Mr. GU Dorson has expressed to the Company his willingness to serve as a consultant of the Company upon his retirement.

In addition, Ms. PING Guoqin, being advanced in retirement age, has wished and decided to retire from her office as an executive Director upon conclusion of the Annual General Meeting of the Company.

Both Mr. GU Dorson and Ms. PING Guoqin have confirmed that they have no disagreement with the Board and there is no matter that needs to be brought to the attention of the Shareholders relating to their retirement.

Accordingly, Mr. GU Dorson, Mr. ZHANG Zhenyu, Mr. LEUNG Yiu Cho and Ms. PING Guoqin will retire at the Annual General Meeting of the Company. Mr. ZHANG Zhenyu and Mr. LEUNG Yiu Cho, being independent non-executive Directors of the Company, will retire at the Annual General Meeting and, being eligible and willing to, offer themselves for re-election at the Annual General Meeting.

The Nomination Committee has reviewed the structure and composition of the Board, the confirmations and disclosures given by the Directors, the qualifications, skills and experience, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria set out in the Company's Board Diversity Policy and the Company's policy for the nomination of Directors as set forth in the terms of reference of the Nomination Committee, the Company's corporate strategy, and the independence of all independent non-executive Directors. Mr. ZHANG Zhenyu, Mr. LEUNG Yiu Cho and Mr. LI Yuping confirmed their independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee had assessed and reviewed the annual written confirmation of independence of each of the independent non-executive Directors based on the independence criteria as set out in Rule 3.13 of the Listing Rules and confirmed that all of them remain independent.

LETTER FROM THE BOARD

The Nomination Committee has recommended to the Board the re-election of Mr. ZHANG Zhenyu and Mr. LEUNG Yiu Cho at the Annual General Meeting. Each of the retiring Directors has abstained from voting at the relevant Board meeting on the respective proposals of their recommendations for re-election by the Shareholders at the Annual General Meeting.

Details of the above-mentioned Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix I to this circular in accordance with relevant requirements of the Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING

Set out on pages 15 to 19 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 Issue Mandate to issue Shares and the Repurchase Mandate to repurchase Shares and the re-election of the Directors.

The transfer books and register of members of the Company will be closed from Friday, 21 June 2024 to Friday, 28 June 2024, 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 Thursday, 20 June 2024.

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.

LETTER FROM THE BOARD

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.

RECOMMENDATION

The Directors consider that the proposed resolutions for the granting to the Directors of the Issue Mandate to issue Shares and the Repurchase Mandate to repurchase Shares and the re-election of the Directors 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.

MISCELLANEOUS

The English version of this circular shall prevail over the Chinese version for the purpose of interpretation.

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

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| APPENDIX I BIOGRAPHICAL DETAILS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING |
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The following set out the details of the Directors who retire and, being eligible, will offer themselves for re-election at the Annual General Meeting pursuant to the Articles of Association.

Independent Non-executive Directors

Mr. ZHANG Zhenyu

Mr. ZHANG Zhenyu (“**Mr. Zhang**”), aged 49, is an independent non-executive Director of the Company. Mr. Zhang has more than 20 years of experience in legal and corporate compliance field. During the period from October 2012 to February 2019, Mr. Zhang served as the chief legal counsel of Asia Pacific Region and chief compliance officer of China region for Thermo Fisher Scientific Inc, whose securities are listed on the New York Stock Exchange (stock code: TMO). During the period from April 2008 to March 2011, Mr. Zhang served as legal counsel and chief compliance officer of Great China region for Sandoz AG, a company incorporated in Switzerland and a global research-based pharmaceutical and nutrition group. Before serving Sandoz AG, Mr. Zhang has also acted as in-house legal counsel for TOM Group Limited, Sony Music group and Shanghai Huahong Group Co., Ltd. Mr. Zhang obtained a bachelor’s degree in laws from East China University of Political Science and has been awarded with a Diploma in Beijing International MBA from Peking University.

Mr. Zhang has entered into a service contract with the Company commencing from 30 May 2019 and the service contract was renewed as at 22 January 2022, which will continue thereafter until terminated by not less than three months’ notice in writing served by either party on the other. Mr. Zhang is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Article of Association. During the year ended 31 December 2023, Mr. Zhang was entitled to a remuneration of (i) HK\$384,000 per annum up to 30 September 2023 and (ii) HK\$180,000 per annum with effect from 1 October 2023. The remuneration of Mr. Zhang as a Director is determined by the Board with regard to his duties and responsibilities, the recommendation made by Remuneration Committee and the prevailing market conditions. Mr. Zhang received a remuneration of RMB303,000 during the year ended 31 December 2023.

As at the Latest Practicable Date, Mr. Zhang was interested in 500,000 underlying shares of the Company, representing approximately 0.02% of the issued Shares. The interests refer to his interests as a grantee of options to subscribe for up to 500,000 Shares under the Share Option Scheme.

Save as disclosed above, as at the Latest Practicable Date, Mr. Zhang does not have any interests or short position in the shares of the Company within the meaning of Part XV of the SFO.

Mr. LEUNG Yiu Cho

Mr. LEUNG Yiu Cho (“**Mr. Leung**”), aged 45, has been appointed as the independent non-executive Director, the chairman of the audit committee, and a member of each of the Remuneration Committee, the Nomination Committee and the risk management committee of the Board, with effect from 20 October 2023. Mr. Leung has extensive experience in strategic financial planning, structuring capital reorganization and transactions, tax planning and financial analysis in listed company and licensed corporation. Mr. Leung was the assistant financial controller of Ta Yang Group Holdings Limited (Stock Code: 1991), a company listed on the Main Board (the “**Main Board**”) of the Stock Exchange from 2006 to 2007, the chief financial officer and board secretary of Highland Asset Management Corporation from 2012 to 2013, an executive director and the vice investment principal of Artini Holdings Limited (Stock Code: 789), a company listed on the Main Board from 2013 to 2019, and an independent non-executive director and the chairman of the audit committee of Grace Life-tech Holdings Limited (Stock Code: 2112), a company listed on the Main Board, from 2017 to 2020 and since 11 March 2022. He was also appointed as an independent non-executive director, the chairman of the audit committee and a member of the strategic committee of Wuxi Sunlit Science and Technology Company Limited (Stock Code: 1289), a company listed on the Main Board since 18 June 2021. He was an independent non-executive director and the chairman of the audit committee of Zhongshi Minan Holdings Limited (Stock Code: 8283), a company listed on the GEM of the Stock Exchange, from 21 October 2016 to 30 June 2022. He was the financial controller, company secretary and authorised representative of Xinhua News Media Holdings Limited (Stock Code: 309), a company listed on the Main Board, from 2 July 2021 to 5 August 2021. He was the company secretary and authorised representative of China Dredging Environment Protection Holdings Limited (Stock Code: 871), a company listed on the Main Board, from 29 December 2021 to 11 August 2023. He has been the company secretary and authorised representative of Universal Star (Holdings) Limited (Stock Code: 2346), a company listed on the Main Board, from 13 July 2021 to 29 January 2024.

Mr. Leung obtained a master’s degree in Corporate Finance from The Hong Kong Polytechnic University. He was admitted as a fellow member of the Associate of Chartered Certified Accountants in March 2019.

Mr. Leung has entered into a service contract with the Company for a term of 3 years commencing from 20 October 2023. He is subject to re-election at the Annual General Meeting, and subsequently retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Mr. Leung will be entitled to HK\$180,000 per annum as director’s fee for his appointment as an independent non-executive Director. His remuneration is determined by the Board with regard to his duties and responsibilities, the recommendation made by the Remuneration Committee and the prevailing market conditions. Mr. Leung received director’s fee of HK\$35,806 (equivalent to approximately RMB32,000) during the year ended 31 December 2023.

As at the Latest Practicable Date, Mr. Leung does not have any interests or short position in the shares of the Company within the meaning of Part XV of the SFO.

DIRECTOR'S REMUNERATION

The total amount of the Directors' remuneration for the year ended 31 December 2023 received by each of the retiring Directors are set out in the financial statements of the Company's 2023 annual report. The Directors' remuneration is determined by the remuneration committee of the Company having regard to the Director's performance, duties and responsibilities with the Company, the Company's performance and profitability, the Company's remuneration policy and the market trends for same position.

DIRECTOR'S INTEREST

Save as disclosed in this circular, to the best knowledge of the Company, each of the Directors who stand for re-election (i) does not hold other positions in the Company or other members of the Group, (ii) does not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, (iii) does not have any relationship with any other Director, senior management, substantial shareholder or Controlling Shareholder of the Company, (iv) does not have any interest in the securities within the meaning of Part XV of the Securities and Futures Ordinance, and (v) has no information to disclose pursuant to any of the requirements of Rule 13.51(2)(h)–13.51(2)(v) of the Listing Rules; and there are no other matters that need to be brought to the attention of the Shareholders.

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 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 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 Act 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 Act 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 Act. 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 Shares are repurchased in the manner provided for in the Companies Act.

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 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 2023, 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 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 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.

Neither this Explanatory Statement nor the proposed share repurchase has any unusual features.

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.

As at the Latest Practicable Date, Alpadis Trust (Switzerland) AG indirectly held 655,087,500 Shares, representing approximately 29.6% of the entire issued share capital of the Company. In the event that the Company exercises the Repurchase Mandate in full, the interest of Alpadis Trust (Switzerland) AG in the Company will be increased to approximately 32.89%. Such increase would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. Save as disclosed above, the Directors are not aware of any Shareholder or a group of Shareholders acting in concert who 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> |
|---|--------------------------------------|-------------------------------------|
| 2023 | | |
| April | 0.077 | 0.055 |
| May | 0.075 | 0.053 |
| June | 0.056 | 0.044 |
| July | 0.070 | 0.049 |
| August | 0.060 | 0.043 |
| September | 0.053 | 0.043 |
| October | 0.054 | 0.043 |
| November | 0.064 | 0.044 |
| December | 0.047 | 0.043 |
| 2024 | | |
| January | 0.052 | 0.037 |
| February | 0.071 | 0.039 |
| March | 0.065 | 0.043 |
| April | 0.044 | 0.039 |
| May (up to the Latest Practicable Date) | 0.050 | 0.030 |

NOTICE OF ANNUAL GENERAL MEETING

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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)

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, Jingjing Nanguo Store, Unit 509-510, 5/F, POPC, No.8 Minhong Road, Minhang District, Shanghai, the People’s Republic of China on Friday, 28 June 2024 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 2023.
2. (a) To re-elect the following directors of the Company (the “**Director(s)**”):
 - (i) Mr. ZHANG Zhenyu as an independent non-executive Director.
 - (ii) Mr. LEUNG Yiu Cho as an independent 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 Wilson & Partners CPA Limited as auditor of the Company and authorise the Board to fix their remuneration for the financial year ending 31 December 2024.
4. To consider and, if thought fit, to pass (with or without amendments), 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 options, warrants or similar rights to subscribe for shares or such

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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
- (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;

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- (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.”

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

Shanghai, the People’s Republic of China, 28 May 2024

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

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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 notorially 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 Friday, 21 June 2024 to Friday, 28 June 2024, 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 Thursday, 20 June 2024.
- (vi) In respect of ordinary resolution numbered 2 above, Mr. ZHANG Zhenyu and Mr. LEUNG Yiu Cho 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 28 May 2024.
- (vii) In respect of the ordinary resolution numbered 4(A) above, the directors of the Company 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 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 28 May 2024.