

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 Xinji Shaxi Group Co., Ltd, you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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信基沙溪集团股份有限公司
XINJI SHAXI GROUP CO., LTD

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3603)

**MANDATE FOR POSSIBLE VERY SUBSTANTIAL ACQUISITION
IN RESPECT OF
POSSIBLE LEASE OF PROPERTIES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Capitalised terms used in the lower portion of this cover page shall have the same meanings as those defined in the section headed "Definitions" of this circular.

A notice convening the EGM to be held at Conference Room, 2nd Floor, Xinjicheng Club, No. 250, Intersection of Nanda Road, Panyu District, Guangzhou, PRC on Friday, 5 December 2025 at 11:30 a.m. is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for use at the EGM is also enclosed with this circular. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.xjsx.net.cn). Whether or not you are able to attend at the EGM, you are requested to complete and sign the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 11:30 a.m. on Wednesday, 3 December 2025) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM (or any adjournment thereof) if they so wish and in such event the form of proxy shall be deemed to be revoked. For the avoidance of doubt and for the purpose of the Listing Rules, holders of treasury shares of the Company (if any) shall abstain from voting at the Company's general meeting(s).

17 November 2025

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 31 October 2025 in relation to, among other things, the Proposed Mandate
“Bid Invitation Documents”	the bid invitation announcement dated 14 October 2025 issued by the Rural Collective Assets Trading Center, together with the form of the Lease Agreement and other accompanying documents, in relation to the Bidding Process
“Bidding Process”	the open bidding process for the lease of the Properties organised by the Rural Collective Assets Trading Center for and on behalf of the SVSEC as set forth in the Bid Invitation Documents
“Board”	the board of Directors
“Business Day”	the business day in the PRC
“Company”	Xinji Shaxi Group Co., Ltd (信基沙溪集团股份有限公司), a company incorporated under the laws of the Cayman Islands as an exempted company with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3603)
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Conference Room, 2nd Floor, Xinjicheng Club, No. 250, Intersection of Nanda Road, Panyu District, Guangzhou, PRC on Friday, 5 December 2025 at 11:30 a.m. or any adjournment thereof to consider and, if thought fit, to approve the proposed resolution(s) set out on pages EGM-1 to EGM-3 of this circular

DEFINITIONS

“Existing Lease”	the land use rights lease agreement dated 11 November 2004 (as amended and supplemented by supplemental agreements dated 28 September 2007, 15 June 2010 and 26 August 2010) and entered into between SVSEC and Guangzhou Wanhua Hospitality Supplies City Company Limited* (廣州萬華酒店用品城有限公司), being an indirect wholly-owned subsidiary of the Company, in relation to the land on which Xinji Hotelex Hospitality Supplies Center is situated
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and his/her/its/their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Latest Practicable Date”	13 November 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Lease Agreement”	the lease agreement to be entered into between SVSEC (as lessor) and the successful bidder at the Bidding Process (as lessee) in respect of the Possible Lease, the form of which has been considered and approved at the Shangjiao Village shareholders’ meeting
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Maximum Bid Price”	the maximum bid price for the Possible Lease under the Proposed Mandate, being an amount equivalent to 5% above the valuation of the Properties as assessed by the Valuer
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Possible Lease”	the possible lease of the Properties in the nature of collective ownership from SVSEC by the Group if the Group is the successful bidder at the Bidding Process
“PRC”	the People’s Republic of China, which, for the purpose of this circular, does not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property I”	the shops situated on the land at 101 Yingbin Road, Shangjiao Village, Luopu Street, Panyu District, Guangzhou City, the PRC (中國廣州市番禺區洛浦街上澱村迎賓路101號)
“Property II”	the shops situated on the land at 2 Shangjiao Street, Panyu District, Guangzhou City, the PRC (中國廣州市番禺區上澱大街2號)
“Properties”	collectively, Property I and Property II
“Proposed Mandate”	the mandate proposed to be granted by the Shareholders at the EGM to the Directors, among other things, to appoint a person to bid on behalf of any PRC subsidiary of the Company at the Bidding Process at or above the Reserve Price but not exceed the Maximum Bid Price and if successful to proceed with the Possible Lease and enter into the Lease Agreement
“Reserve Price”	reserve price in the Bidding Process, being RMB3,621,840 per month
“RMB”	Renminbi, the lawful currency of the PRC
“Rural Collective Assets Trading Center”	the Guangzhou City Panyu District Rural Collective Assets Trading Management Center* (廣州市番禺區農村集體資產交易管理中心)

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SVSEC”	the Guangzhou City Panyu District Luopu Street Shangjiao Village Shareholding Economic Cooperatives* (廣州市番禺區洛浦街上澍村股份合作經濟社)
“treasury shares”	has the meaning ascribed thereto under the Listing Rules
“Valuer”	Masterpiece Valuation Advisory Limited, the independent valuer engaged by the Company for the valuation of the Properties

If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of company names in Chinese or another language which are marked with “” and the Chinese translation of company names in English which are marked with “*” is for identification purpose only.*

LETTER FROM THE BOARD



信基沙溪集团股份有限公司
XINJI SHAXI GROUP CO., LTD

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3603)

Executive Directors:

Mr. Cheung Hon Chuen
(Chairman and Chief Executive Officer)
(Mr. Zhang Weiquan as his alternate)
Mr. Mei Zuoting
(Mr. Mei Jiawei as his alternate)
Mr. Zhang Weixin
(Mr. Zhang Jiajian as his alternate)

Non-executive Directors:

Mr. Lin Lie
Ms. Wang Yixue
Mr. Zhao Hui

Independent non-executive Directors:

Dr. Zeng Zhaowu
Mr. Tan Michael Zhen Shan
Dr. Zheng Decheng

Registered office:

71 Fort Street
PO Box 500
George Town
Grand Cayman KY1-1106
Cayman Islands

Principal place of business in Hong Kong:

Rooms 301-303
3/F, Golden Gate Commercial Building
136-138 Austin Road
Tsim Sha Tsui
Kowloon
Hong Kong

*Headquarters and principal place of
business in the PRC:*

1st Floor, Xincheng Club
No. 250, Intersection of Nanda Road
Panyu District, Guangzhou
PRC

17 November 2025

To the Shareholders

Dear Sir or Madam,

**MANDATE FOR POSSIBLE VERY SUBSTANTIAL ACQUISITION
IN RESPECT OF
POSSIBLE LEASE OF PROPERTIES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement. The purpose of this circular is to provide you with, among other things, (i) further details of the Proposed Mandate, (ii) financial information of the Group, (iii) unaudited profit and loss statement of the Properties, (iv) unaudited pro forma financial information of the enlarged Group, and (v) valuation report in respect of the Properties, and give you notice of the EGM.

LETTER FROM THE BOARD

BACKGROUND

Xinji Hotelex Hospitality Supplies Center, being the second largest shopping mall of the Group, is one of the well-known hospitality supplies wholesale markets in Guangzhou, the PRC. The Existing Lease entered into with SVSEC in respect of the land on which Xinji Hotelex Hospitality Supplies Center is located will expire on 31 May 2026.

On 14 October 2025, the Bid Invitation Documents, which have been considered and approved at the Shangjiao Village shareholders' meeting, were issued by the Rural Collective Assets Trading Center. The Bid Invitation Documents set out details of the Bidding Process for the lease of the Properties.

Procedures of the Bidding Process

The Bidding Process is organised by the Rural Collective Assets Trading Center for and on behalf of the SVSEC. Pursuant to the Bid Invitation Documents, the Bidding Process is conducted in accordance with the provisions of Guangzhou Municipal Government Order No. 119, "Measures for the Management of Rural Collective Assets Trading in Guangzhou"* (《廣州市農村集體資產交易管理辦法》) and does not constitute a public tender.

The Bidding Process will be held on 17 December 2025. It is open for application from 15 October 2025 to 15 December 2025 during office hours (i.e. 9:30 a.m. to 11:30 a.m. and 2:30 p.m. to 5:00 p.m.) (except for Friday afternoons and public holidays).

During the Bidding Process, all bidders must first indicate their agreement to bid at or above the Reserve Price, and each bid will thereafter be increased by RMB10,000 or its integral multiple, but subject to a maximum amount of RMB100,000.

The Lease Agreement will be awarded to the bidder submitting the highest bid not less than the Reserve Price. If the successful bidder withdraws its winning bid, its security deposit paid for due compliance with the rules of the Bidding Process will be forfeited, and the SVSEC may offer the award successively to the second and then the third-highest bidders at their respective bid prices, provided that no price falls below the Reserve Price.

If the Group is the successful bidder, the SVSEC and the Group will enter into the Lease Agreement shortly after the public announcement of the Bidding Process results, with an expected execution date falling on a Business Day between 25 December 2025 to 31 December 2025.

If the Group is not the successful bidder and no written objection or complaint regarding the procedures or results of the Bidding Process is received during the five (5)-Business-Day public announcement period of the Bidding Process results, the security deposit paid by the Group shall be refunded in full without interest within five (5) Business Days after the end of the said public announcement period.

After the conclusion of the Bidding Process, the Company will announce the results and the final price as soon as practicable, irrespective of whether the Group is the successful bidder.

LETTER FROM THE BOARD

PROPOSED MANDATE

In order to continue the operation of Xinji Hotelex Hospitality Supplies Center through the Properties, the Group intends to apply to participate in and bid at the Bidding Process for the Possible Lease. If the Group is the successful bidder, it will enter into the Lease Agreement shortly after the public announcement of the Bidding Process results and the Company would not have sufficient time to seek the approval of the Shareholders that is required under Chapter 14 of the Listing Rules. Accordingly, the Board proposes to seek prior approval of the Shareholders at the EGM for, *inter alia*, the mandate to be granted to the Directors to appoint a person to bid on behalf of any PRC subsidiary of the Company at the Bidding Process at or above the Reserve Price but not exceed the Maximum Bid Price and if successful to proceed with the Possible Lease and enter into the Lease Agreement.

Pursuant to the Bid Invitation Documents, if an objection or complaint is raised regarding the procedures of the Bidding Process or the qualifications of the successful bidder, subject to the resolution of the matter, the Lease Agreement will be entered into within five (5) Business Days after the date of resolution. Without a set time frame for resolving the matter, the expected execution date of the Lease Agreement would become uncertain in such circumstance. Such mandate is therefore proposed to be valid for 12 months from the date of the Shareholders' approval.

Conditions precedent for participating in the Bidding Process

The participation in the Bidding Process by the Group shall be subject to the following conditions:

- (i) the approval of the Proposed Mandate by the Shareholders in accordance with the Listing Rules being obtained;
- (ii) the full payment of a security deposit for due compliance with the rules of the Bidding Process of RMB20,000,000; and
- (iii) the completion of the application for participating in the Bidding Process by producing the application form, payment record of the security deposit, identification document of the legal representative (法定代表人) or authorised representative of the applicant and other required documents in respect of the applicant (including business licence, search results of national enterprise credit information publicity platform, real estate title certificate, capital verification report and tax payment certificate) during the prescribed period.

If the Proposed Mandate is not granted by the Shareholders, the Group will not submit any application, nor pay the security deposit, for participating in the Bidding Process.

LETTER FROM THE BOARD

Principal terms of the Possible Lease

The principal terms of the Possible Lease pursuant to the Bid Invitation Documents are as follows:

Expected execution date of the Lease Agreement:	<p>a date falling on a Business Day between 25 December 2025 and 31 December 2025</p> <p>If an objection or complaint is raised regarding the procedures of the Bidding Process or the qualifications of the successful bidder, subject to the resolution of the matter, the Lease Agreement will be entered into within five (5) Business Days after the date of resolution.</p>
Lessor:	<p>Guangzhou City Panyu District Luopu Street Shangjiao Village Shareholding Economic Cooperatives* (廣州市番禺區洛浦街上澍村股份合作經濟社)</p>
Properties:	<p>Property I comprises the shops located on the land at 101 Yingbin Road, Shangjiao Village, Luopu Street, Panyu District, Guangzhou City, PRC, with land area of approximately 70,601.82 square metres, open space area of approximately 42,119.61 square meters and building area of approximately 60,107.89 square metres.</p> <p>Property II comprises the shops located on the land at 2 Shangjiao Street, Panyu District, Guangzhou City, PRC, with the land area of approximately 22,657.74 square metres, open space area of approximately 19,235.33 square metres and building area of approximately 7,288.07 square metres.</p>
Lease term:	<p>20 years</p>
Usage:	<p>For hotel supplies wholesale industry only</p> <p>The usage shall be in compliance with the laws and regulations as well as the terms of the Lease Agreement, and shall not be altered without prior consent from the SVSEC.</p>

LETTER FROM THE BOARD

Rent:	<p>Reserve Price of RMB3,621,840 per month</p> <p>Rent shall be increased by 6% every three (3) years and shall be charged monthly. The first monthly rent shall be payable within 10 days before the expiry of the rent-free period, and the remaining monthly rent shall be paid within 15 days of the beginning of each period.</p> <p>If there is any default in payment of rent during the lease term, the lessee shall pay damages, which is calculated at 0.03% of the outstanding rent per day. If the lessee defaults on rent for six (6) consecutive months, (i) the SVSEC may unilaterally terminate the Lease Agreement, forfeit the security deposit paid by the lessee, and repossess the Properties without compensation, and (ii) the lessee shall still be required to pay the outstanding rent together with the damages to the SVSEC.</p>
Rent-free period:	<p>six (6) months from the commencement date of the Lease Agreement</p>
Security deposit:	<p>After winning the bid, the security deposit of RMB20,000,000 previously paid for participating in the Bidding Process shall become the security deposit for the due performance of the Lease Agreement.</p> <p>Upon expiry of the lease term, if the lessee duly performs the terms of the Lease Agreement and returns the Properties to SVSEC in good condition, SVSEC will return the security deposit in full without interest to the lessee within 20 Business Days.</p> <p>If the lessee terminates the Lease Agreement without reason or breaches the terms of the Lease Agreement, the SVSEC has the right to unilaterally terminate the Lease Agreement, forfeit the security deposit paid by the lessee and repossess the Properties without compensation.</p>
Subletting:	<p>Without SVSEC's written consent, the lessee shall not sublease the Properties and its facilities in its entirety, but has the right to sublease in parts.</p>

LETTER FROM THE BOARD

Bid price

The Reserve Price is RMB3,621,840 per month. The Maximum Bid Price for the Possible Lease under the Proposed Mandate shall be an amount equivalent to 5% above the valuation of the Properties as assessed by the Valuer, which is determined having taken into account, among other things, (i) the Reserve Price, (ii) the preliminary valuation of the Properties as at 30 September 2025, and (iii) the expected profitability arising from the Properties, which remains positive even if the winning bid is 5% above the valuation.

The expected profitability refers to core operating profit excluding non-cash fair value losses on investment properties, which stem from recent PRC property market declines due to macroeconomic factors and do not impact cash flows or operations:

- (i) Profitability remains positive on a core basis (excluding fair value losses). For the three years ended 31 December 2024, rental income generated from the Properties was RMB33 million to RMB48 million annually, with core operating profit at RMB18 million to RMB23 million (per Appendix II to this circular). The lower rental income recognised in previous years is due to the accounting rule for finance leases, where the lessor recognises finance income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. This results in lower recognised income in later years of the lease term. However, the actual cash inflow for rental income was RMB70.4 million in 2024, which exceeds the estimated maximum rental expense of RMB62 million per year, ensuring positive cash flow profitability even if the winning bid is 5% above the valuation. While broader retail market trends in Guangzhou indicate challenges, such as rising vacancy rates and cautious brand expansion (as further detailed below), the Board anticipates sustained or improved profitability post-lease for Xinji Hotelex Hospitality Supplies Center, given its specialised focus on the hospitality supplies wholesale sector. This optimism is based on strong sub-leasing demand from established and niche tenants in this resilient market segment, tenant enhancements, and cost controls, which will sufficiently cover the rental expenses.
- (ii) Based on (i), the Board considers the Maximum Bid Price fair, reasonable, and in the Company's interests because it aligns with the independent valuation; secures core operations (Xinji Hotelex Hospitality Supplies Center has been contributing approximately 12-16% of Group revenue in the past three years); the alternative of not securing the lease could result in business disruption, relocation costs and loss of market share to competitors; and securing core operations supports liquidity and long-term value via positive core metrics. The Maximum Bid Price is set to avoid losses, as core profitability remains positive, and the Group would not proceed if it projected a loss.

The Directors view the Maximum Bid Price as commercially reasonable under current market conditions.

LETTER FROM THE BOARD

The Group will consider, among other things, the following factors in making a decision on whether to bid and its final bid price at the Bidding Process, which will in any event not be less than the Reserve Price and not exceed the Maximum Bid Price:

- (i) the valuation report prepared by the Valuer in respect of the Properties in existing state as at 30 September 2025;
- (ii) the availability of internal resources of the Group;
- (iii) the property market conditions at the material time;
- (iv) the bid(s) made by competitor(s) (if any) at the Bidding Process.

The Possible Lease will be financed by internal resources of the Group.

Based on the valuation of the Properties prepared by the Valuer as at 30 September 2025, the market rent of the Properties in existing state is approximately RMB4,930,000 per month (excluding management fees and other operative outgoings). For further details, please refer to Appendix IV to this circular.

As stated in Greater China Retail Supply and Demand Trends published by Cushman & Wakefield in September 2025, in Guangzhou, (i) despite a robust recovery in consumer demand, brands have maintained a cautious approach to expansion; this, coupled with the fact that new projects in non-core areas are still in the initial leasing phase, has led to a citywide vacancy rate increase of 1.9 percentage points from mid-last year, reaching 9.2%; (ii) in response to slowing leasing demand, some projects have adjusted rents for prime retail spaces to attract high-quality tenants; the average rent in premium shopping centers has decreased by 6.1% compared to mid-last year, settling at RMB672.6 per square meter per month; (iii) looking ahead, an additional 976,000 square meters of new premium shopping center supply is expected between the second half of 2025 and 2026, with the Panyu and Liwan business districts accounting for nearly 40%. However, these trends primarily reflect general retail and premium shopping center dynamics, whereas the Properties — focused on the specialised hospitality supplies wholesale market — benefit from a more stable tenant ecosystem and consistent demand. The Board believes this positions the Group to mitigate such market pressures through targeted tenant upgrades and operational efficiencies, aligning with the anticipated profitability outlined above. The Group therefore intends to bid and will adopt a cautious bidding strategy, prioritising bids that align closely with the Reserve Price.

The net loss after taxation of the Group attributable to the Properties for the year ended 31 December 2023 was approximately RMB5,861,288. Such net loss was primarily attributable to the decrease in fair value of the Properties of approximately RMB24,156,519 (after taxation). Excluding the change in fair value of the Properties, the core profit attributable to the Properties was approximately RMB18,295,231 for the year ended 31 December 2023. The net loss after taxation of the Group attributable to the Properties for the year ended 31 December 2024 was approximately RMB14,350,996. Such net loss was primarily attributable to the decrease in fair value of the Properties of approximately RMB36,932,149 (after taxation). Excluding the change in fair value of the Properties, the

LETTER FROM THE BOARD

core profit attributable to the Properties was approximately RMB22,581,153 for the year ended 31 December 2024. For further details, please refer to Appendix II to this circular.

Having considered the Reserve Price and the mechanism of the Bidding Process, which awards the Possible Lease to the highest bidder at or above the Reserve Price following a transparent and competitive process, the Directors believe that the Possible Lease will be at least at fair current market value and not be detrimental to the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND SVSEC

The Group is principally engaged in the operation of shopping malls for hospitality supplies and home furnishings which generate rental revenue in the PRC.

SVSEC is a collective economic organisation established in the PRC. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, SVSEC is principally engaged in collective assets management, collective resource development and utilisation, agricultural production development and services and financial management. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, (i) there is no single largest shareholder in SVSEC; (ii) SVSEC consists of approximately 4,700 individual members, and such members are joint stakeholders of the organisation; and (iii) each of SVSEC and its ultimate beneficial owner(s) is an Independent Third Party. As advised by the PRC legal adviser, each current individual villager in Shangjiao Village holds an equal stake in the SVSEC.

REASONS FOR AND BENEFITS OF THE PROPOSED MANDATE

Xinji Hotelex Hospitality Supplies Center, being the second largest shopping mall of the Group, commenced operation in 2007. The Group has leased the land use rights from SVSEC for the operation of Xinji Hotelex Hospitality Supplies Center since 2006. If the Group is the successful bidder, and the Possible Lease materialises, the Group will continue to operate Xinji Hotelex Hospitality Supplies Center through the Properties.

The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Possible Lease (including the Maximum Bid Price) are fair and reasonable and on normal commercial terms and the Proposed Mandate is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE POSSIBLE LEASE ON THE GROUP

(i) Right-of-use asset and lease liability

The Possible Lease is a long-term lease for a duration of 20 years. Pursuant to the HKFRS 16, the entering into of the Possible Lease as a lessee will require the Group to recognise the right-of-use asset in its financial statements. Given that the right-of-use assets are for lease out under operating lease to certain lessees, the right-of-use assets shall be accounted as investment properties under HKAS 40. A resultant lease liability will

LETTER FROM THE BOARD

be recognised by the Group at the same time. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Please refer to the unaudited pro forma financial information of the enlarged Group (the “**Unaudited Pro Forma Financial Information**”) set out in Appendix III to this circular for details of the accounting treatment of the Lease Agreement.

Based on the Unaudited Pro Forma Financial Information, assuming the transactions contemplated under the Possible Lease was completed as at 30 June 2025, the Group would initially recognise investment properties of approximately RMB840.54 million and the corresponding lease liabilities of approximately RMB840.54 million.

(ii) Profitability

The Directors are of the view that the future return to be generated from the Possible Lease is expected to contribute positively to the results of the Group. It should, however, be noted that the results of the Group will be affected by the interest expenses incurred for the lease liabilities and the fair value change on the investment properties as at each reporting date.

(iii) Cash flow

The Group currently intends to finance the future rent payments under the Possible Lease by the future rental income arising from the Possible Lease and/or internal resources of the Group. As at 30 June 2025, the Group had cash and bank balances of approximately RMB654.54 million. The Directors have confirmed that, taking into account the financial resources available to the Group, including the existing bank balances, internal resources and available credit facilities of the Group, the Group will have sufficient working capital for its requirements for at least 12 months from the date of this circular, in the absence of unforeseeable circumstances.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial performance and position of the Group will be upon the Possible Lease becoming effective.

RIGHT-OF-USE ASSET

Assuming that the Group is selected as the successful bidder and the winning bid is the Maximum Bid Price, the unaudited value of the right-of-use asset to be recognised by the Company under the terms of the Lease Agreement amounted to approximately RMB840,544,000, which is the present value of total consideration payable throughout the lease term under the Lease Agreement in accordance with HKFRS 16. Incremental borrowing rate of 5.58% is applied to compute the present value of total consideration payable under the Lease Agreement.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

In accordance with HKFRS 16 “Leases”, the entering into of the Lease Agreement as lessee will require the Group to recognise the Properties as a right-of-use asset on its consolidated statement of financial position, thus the Lease Agreement and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group under the Listing Rules.

Assuming that the unaudited value of the right-of-use asset to be recognised by the Group pursuant to HKFRS 16 in respect of the Possible Lease is approximately RMB840,544,000 as determined by the Valuer based on the Maximum Bid Price, as one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Possible Lease will exceed 100%, the Possible Lease, if materialised, will constitute a very substantial acquisition on the part of the Company and is therefore subject to reporting, announcement and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

If the Group is the successful bidder, it will enter into the Lease Agreement shortly after the public announcement of the Bidding Process results and would not have sufficient time to seek the approval of the Shareholders that is required under Chapter 14 of the Listing Rules. Accordingly, the Directors propose to seek the Shareholders’ prior approval for the grant of the Proposed Mandate.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming EGM is scheduled to be held on Friday, 5 December 2025. For determining the Shareholders’ entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 2 December 2025 to Friday, 5 December 2025, both days inclusive, during such period no transfer of Shares will be registered and Shareholders whose names on the register of members of the Company on Friday, 5 December 2025 shall have the right to attend and vote at the EGM. In order to attend and vote at the EGM, all duly completed share transfer documents, accompanied by the relevant share certificates, must be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Monday, 1 December 2025.

EGM

Set out on pages EGM-1 to EGM-3 of this circular is the notice of EGM at which, *inter alia*, ordinary resolution(s) will be proposed to the Shareholders to consider and, if thought fit, approve, among other things, the Proposed Mandate.

A form of proxy is enclosed for use at the EGM. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.xjsx.net.cn). Whether or not you intend to attend the EGM, you are requested to complete and sign the form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar and transfer office in Hong Kong,

LETTER FROM THE BOARD

Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time fixed for holding the EGM (i.e. not later than 11:30 a.m. on Wednesday, 3 December 2025) or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude a Shareholder from attending and voting in person at the EGM if they so wish and in such event the form of proxy shall be deemed to be revoked.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the grant of the Proposed Mandate and the transactions contemplated thereunder. As such, no Shareholder nor its close associate(s) is required to abstain from voting on the relevant resolution(s) at the EGM.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it/he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its/his Shares to a third party, either generally or on a case-by-case basis.

Pursuant to Rule 13.39(4) of the Listing Rules and article 72 of the Articles of Association, any resolution put to the vote of the Shareholders at a general meeting shall be decided on a poll, except where the chairman of the general meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the proposed resolution(s) set out in the notice of the EGM will be taken by way of poll. On a poll, every Shareholder presents in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid Share of which he/she is the holder. A Shareholder entitled to more than one vote on a poll needs not use all his/her votes or cast all the votes he/she uses in the same way. After conclusion of the EGM, the Company will announce the poll results and the Directors' attendance at the EGM in the manner prescribed under Rules 13.39(5) and 13.39(5A) of the Listing Rules.

For the avoidance of doubt and for the purpose of the Listing Rules, holders of treasury shares of the Company (if any) shall abstain from voting on matters that require Shareholders' approval at the Company's general meeting(s).

RECOMMENDATION

The Directors consider that the proposed resolution(s) for the granting of the Proposed Mandate is/are fair and reasonable and 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 resolution(s) to be proposed at the EGM as set out in the notice of the EGM.

LETTER FROM THE BOARD

GENERAL

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

The English text of this circular and form of proxy shall prevail over the Chinese text.

As the Possible Lease may or may not proceed, the Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

Yours faithfully,
By order of the Board
Xinji Shaxi Group Co., Ltd
Cheung Hon Chuen
Chairman and executive Director

1. FINANCIAL SUMMARY

The financial information of the Group for each of the three financial years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 are set out in the following documents which have been published on both the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.xjsx.net.cn):

- the annual report of the Company for the year ended 31 December 2022 published on 24 April 2023 (pages 88 to 172) (hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042400425.pdf>);
- the annual report of the Company for the year ended 31 December 2023 published on 24 April 2024 (pages 92 to 176) (hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0424/2024042400402.pdf>);
- the annual report of the Company for the year ended 31 December 2024 published on 28 April 2025 (pages 89 to 182) (hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0428/2025042800715.pdf>); and
- the interim report of the Company for the six months ended 30 June 2025 published on 22 September 2025 (pages 20 to 57) (hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0922/2025092200386.pdf>).

2. STATEMENT OF INDEBTEDNESS

At the close of the business on 30 September 2025, being the latest practicable date prior of this circular and for the purpose of ascertaining the information contained in this statement of the indebtedness, the Group had outstanding indebtedness as follows:

	As at 30 September 2025 RMB'000 (Unaudited)
Current liabilities	
Borrowings	558,050
Lease liabilities	24,921
Amounts due to related parties	1,195
Non-current liabilities	
Borrowings	274,375
Lease liabilities	146,034
	<hr/>
	1,004,575
	<hr/> <hr/>

Borrowings

As at 30 September 2025, the Group had outstanding bank borrowings of approximately RMB832.4 million, which was secured by investment properties of approximately RMB853.8 million of the Group. The personal guarantees of RMB832.4 million were also given to bank by Mr. Cheung Hon Chuen, Mr. Mei Zuoting and Mr. Zhang Weixin, directors of the Company, for bank borrowings obtained by the Group.

Lease liabilities

As at 30 September 2025, the Group had lease liabilities of approximately RMB171 million, which were unsecured and unguaranteed.

Amounts due to related parties

Amounts due to related parties were unsecured, interest-free and repayable on demand.

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 30 September 2025, the Group did not have any other debt securities issued and outstanding or authorised or otherwise created but unissued, bank overdrafts, other borrowings, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, lease liabilities, hire purchase commitments, guarantees or other material contingent liabilities.

To the best knowledge of the Directors, having made all reasonable enquiries, there has been no material change in indebtedness or contingent liabilities of the Group since 30 September 2025 and up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into consideration the financial resources available to the Group including the internally generated funds, the present bank and other facilities, the Group will have sufficient working capital for at least twelve months from the date of publication of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group as at 31 December 2024, being the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As disclosed in the annual report of the Company for the year ended 31 December 2024, the Group is principally engaged in the operation of shopping malls for hospitality supplies and home furnishings which generate rental revenue in the PRC. The Group's revenue is mainly derived from the operating lease rental income and revenue generated from property management service of our Group's owned/leased portfolio shopping malls. The Group's revenue decreased slightly by approximately 6.8% to approximately RMB254.8 million for the financial year ended 31 December 2024 as compared to approximately RMB273.4 million recorded for the financial year ended 31 December 2023. Lower revenue for the financial year ended 31 December 2024 as compared to the financial year ended 31 December 2023 was mainly due to the lower occupancy rate of shopping malls during the year.

The year 2024 was a year full of challenges and opportunities for the Group. Looking forward, the Board believes that the economy will recover in an orderly manner in 2025, which is expected to have a positive impact on the Group's six main business lines.

These 12 months look likely to be challenging, and the Group is uncertain about wider prospects of economic recovery. Internally, the Group will continue to adjust its operational strategies to address market changes. We therefore remain cautious about our own performance, but quite confident that we have the reputation, the quality and the management experience to manage what lies ahead successfully.

We will maintain a model of rapid development of light asset projects featured by "Brand Export, Management Export, and Cooperative Operation", while establishing a vertical e-commerce platform for the hospitality supplies industry and expanding the online shopping mall business, thereby further expanding the market share and brand influence of the Group. We will focus on the platform sharing concept of "Industrial Alliance and Collective Development", enhancing the brand stickiness along with the development of the industry. Our aim is to maintain our market leadership status, to continue our reputation for premium quality, and consequently to deliver consistently steady returns for investors. Meanwhile, the Group will continue to expand the business of property management service (especially through the acquisition and merger of mature property management service projects), with an aim to increase the stable cash flow of the Group, so as to advance the interests of the Company and its Shareholders, which will bring sustainable and stable development to the Group.

In accordance with Rule 14.69(4)(b)(i) of the Listing Rules, Xinji Shaxi Group Co., Ltd (the “**Company**”) is required to include in this circular a profit and loss statement for the three preceding financial years on the identifiable net income stream in relation to such assets which must be reviewed by the reporting accountants to ensure that such information has been properly compiled and derived from the underlying books and records.

The unaudited profit and loss statements of identifiable net income stream attributable to the Properties to be leased for the years ended 31 December 2022, 2023 and 2024 and nine months ended 30 September 2025 (the “**Relevant Periods**”) (the “**Unaudited Profit and Loss Statements**”) prepared by the directors of the Company are set out below:

	Year ended 31 December			Nine months ended 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	47,826	33,349	36,884	21,127
Cost of sales	(684)	(438)	(522)	(342)
Fair value losses on investment properties	(35,693)	(32,209)	(49,243)	(31,352)
Selling and marketing expenses	(3,761)	(1,692)	(787)	(751)
Administrative expenses	(770)	(792)	(1,127)	(1,893)
Net impairment losses (recognised)/reversed on financial assets and lease receivables	(3,671)	(2,212)	(84)	4,644
Other income	–	50	324	20
Other (losses)/gains – net	(6,113)	718	(367)	10,343
Operating (loss)/profit	(2,866)	(3,226)	(14,922)	1,796
Finance expenses - net	(6,260)	(4,572)	(4,164)	(2,516)
Loss before income tax	(9,126)	(7,798)	(19,086)	(720)
Income tax credit	2,282	1,936	4,735	180
Loss for the year/period	(6,844)	(5,862)	(14,351)	(540)

Notes:

- (i) The net loss after taxation of the Group attributable to the Properties for the year ended 31 December 2022 was approximately RMB6,844,000. Such net loss was primarily attributable to the decrease in fair value of the Properties after income tax of approximately RMB26,770,000. Excluding the change in fair value of the Properties after income tax, the core profit attributable to the Properties was approximately RMB19,926,000 for the year ended 31 December 2022.
- (ii) The net loss after taxation of the Group attributable to the Properties for the year ended 31 December 2023 was approximately RMB5,862,000. Such net loss was primarily attributable to the decrease in fair value of the Properties after income tax of approximately RMB24,157,000. Excluding the change in fair value of the Properties after income tax, the core profit attributable to the Properties was approximately RMB18,295,000 for the year ended 31 December 2023.
- (iii) The net loss after taxation of the Group attributable to the Properties for the year ended 31 December 2024 was approximately RMB14,351,000. Such net loss was primarily attributable to the decrease in fair value of the Properties after income tax of approximately RMB36,932,000. Excluding the change in fair value of the Properties after income tax, the core profit attributable to the Properties was approximately RMB22,581,000 for the year ended 31 December 2024.
- (iv) The net loss after taxation of the Group attributable to the Properties for the nine months ended 30 September 2025 was approximately RMB540,000. Such net loss was primarily attributable to the decrease in fair value of the Properties after income tax of approximately RMB23,514,000. Excluding the change in fair value of the Properties after income tax, the core profit attributable to the Properties was approximately RMB22,974,000 for the nine months ended 30 September 2025.

Pursuant to Rule 14.69(4)(b)(i) of the Listing Rules, the directors of the Company engaged CCTH CPA Limited, the reporting accountants of the Company, to perform certain factual finding procedures on the compilation of the Unaudited Profit and Loss Statements as shown above in accordance with Hong Kong Standard on Related Services 4400 (Revised) *Agreed-Upon Procedures Engagements* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The procedures are performed solely to assist the directors of the Company in evaluating whether the amounts shown in the Unaudited Profit and Loss Statements have been properly compiled and derived from the underlying books and records for the purpose of satisfying the requirements under Rule 14.69(4)(b)(i) of the Listing Rules, and are summarised as follows:

1. To obtain the Unaudited Profit and Loss Statements which were prepared by the management of the Company, and check its arithmetical accuracy; and
2. In respect of the Unaudited Profit and Loss Statements obtained, compare the amounts shown on the Unaudited Profit and Loss Statements with the relevant amounts in the underlying books and records of the Properties provided by the management of the Company for the Relevant Periods.

The reporting accountants' factual findings are as follows:

1. With respect to item 1, we obtained the Unaudited Profit and Loss Statements, which were prepared by the management of the Company, and found the amounts in the Unaudited Profit and Loss Statements to be arithmetically accurate.
2. With respect to item 2, we compared the amounts shown on the Unaudited Profit and Loss Statements with the relevant amounts in the underlying books and records of the Properties provided by the management of the Company for the Relevant Periods and found them to be in agreement.

The reporting accountants has performed the above agreed-upon procedures set out in the relevant engagement letter with the Company and reported its factual findings based on the agreed-upon procedures to the directors of the Company. Pursuant to the terms of the relevant engagement letter between the Company and the reporting accountants, the reported factual findings should not be used or relied upon by any other parties for any purpose. In the opinion of the directors of the Company, the Unaudited Profit and Loss Statements have been properly compiled and derived from the underlying books and records. The work performed by the reporting accountants in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, Hong Kong Standards on Assurance Engagements or Hong Kong Standards on Investment Circular Reporting Engagements issued by the HKICPA and consequently no assurance has been expressed by CCTH CPA Limited on the Unaudited Profit and Loss Statements of the Properties.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP
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(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Basis of Preparation of Unaudited Pro Forma Financial Information of the Enlarged Group

The following is an illustrative and unaudited pro forma consolidated statement of assets and liabilities and unaudited pro forma consolidated income statement and statement of comprehensive income of the Enlarged Group (the “**Unaudited Pro Forma Financial Information**”), which has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effects upon completion of the very substantial acquisition in relation to possible lease of properties by the Group (the “**Transaction**”) as if it had taken place on 30 June 2025 for the unaudited pro forma consolidated statement of assets and liabilities and for the unaudited pro forma consolidated income statement and statement of comprehensive income.

The Unaudited Pro Forma Financial Information are prepared based on:

- (a) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2025 as set out in the Group’s published interim report dated 29 August 2025;
- (b) the unaudited condensed consolidated income statement and statement of comprehensive income for the six months ended 30 June 2025 as set out in the Group’s published interim report dated 29 August 2025; and
- (c) the unaudited pro forma adjustments relating to the Transaction that are (i) directly attributable to the Transaction and not relating to future events or decisions; and (ii) factually supportable.

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purpose only and is based on a number of assumptions, estimates, uncertainties and currently available information.

Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the actual assets and liabilities and financial performance of the Enlarged Group that would have been attained has the Transaction been completed on 30 June 2025, nor purport to predict the Enlarged Group’s future financial position and financial performance.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the published interim report of the Company for the six months ended 30 June 2025 and other financial information included elsewhere in the Circular.

This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position and financial performance of the Enlarged Group had the Transaction been completed as at 30 June 2025, where applicable, or any future date.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP
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(1) Unaudited Pro Forma Consolidated Statement of Assets And Liabilities of the Enlarged Group

	The Group as at 30 June 2025 RMB'000 (Note 1)	Pro forma adjustments			The Enlarged Group RMB'000
		RMB'000 (Note 3)	RMB'000 (Note 4)	RMB'000 (Note 5)	
ASSETS					
Non-current assets					
Property and equipment	3,852				3,852
Investment properties	1,897,520	13,248	833,414	624	2,744,806
Intangible assets	2,018				2,018
Deferred income tax assets	5,195				5,195
Lease and trade receivables and other receivables	–	6,752			6,752
Financial assets at fair value through profit or loss	481				481
Total non-current assets	1,909,066				2,763,104
Current assets					
Inventories	8				8
Lease and trade receivables and other receivables	85,770				85,770
Restricted cash	36				36
Cash and cash equivalents	654,536	(20,000)			634,536
Total current assets	740,350				720,350
Total assets	2,649,416				3,483,454
EQUITY					
Share capital and premium	285,115				285,115
Other reserves	121,194				121,194
Retained earnings	739,669				739,669
	1,145,978				1,145,978
Non-controlling interests	(1,904)				(1,904)
	1,144,074				1,144,074

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP
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	The Group as at 30 June 2025 RMB'000 (Note 1)	Pro forma adjustments			The Enlarged Group RMB'000
		RMB'000 (Note 3)	RMB'000 (Note 4)	RMB'000 (Note 5)	
LIABILITIES					
Non-current liabilities					
Borrowings	573,320				573,320
Trade and other payables	14,201				14,201
Lease liabilities	150,706		833,414		984,120
Deferred income tax liabilities	172,371				172,371
	<u>910,598</u>				<u>1,744,012</u>
Total non-current liabilities	<u>910,598</u>				<u>1,744,012</u>
Current liabilities					
Borrowings	262,704				262,704
Trade and other payables	159,497			624	160,121
Lease liabilities	26,817				26,817
Contract liabilities	24,801				24,801
Advance from customers	83,145				83,145
Current income tax liabilities	35,409				35,409
Amounts due to related parties	2,371				2,371
	<u>594,744</u>				<u>595,368</u>
Total current liabilities	<u>594,744</u>				<u>595,368</u>
Total liabilities	<u>1,505,342</u>				<u>2,339,380</u>
Total equity and liabilities	<u>2,649,416</u>				<u>3,483,454</u>

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP
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(2) Unaudited Pro Forma Consolidated Income Statement And Statement of Comprehensive Income of the Enlarged Group

	The Group six months ended 30 June 2025 RMB'000 (Note 2)	Pro forma adjustments				The Enlarged Group RMB'000
		RMB'000 (Note 3)	RMB'000 (Note 4)	RMB'000 (Note 5)		
Revenue	116,593					116,593
Cost of sales	(21,615)					(21,615)
Fair value losses on investment properties	(76,590)					(76,590)
Selling and marketing expenses	(3,707)					(3,707)
Administrative expenses	(17,448)					(17,448)
Net impairment losses recognised on financial assets and lease receivables	(1,965)					(1,965)
Other income	1,796					1,796
Other losses – net	(5,648)					(5,648)
Operating loss	(8,584)					(8,584)
Finance income	1,063					1,063
Finance expenses	(25,620)					(25,620)
Finance expenses – net	(24,557)					(24,557)
Loss before income tax	(33,141)					(33,141)
Income tax credit	4,011					4,011
Loss for the period	(29,130)					(29,130)
Loss attributable to:						
– Owners of the Company	(29,086)					(29,086)
– Non-controlling interests	(44)					(44)
Loss for the period	(29,130)					(29,130)

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP
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	The Group six months ended 30 June 2025 RMB'000 (Note 2)	Pro forma adjustments				The Enlarged Group RMB'000
		RMB'000 (Note 3)	RMB'000 (Note 4)	RMB'000 (Note 5)		
Loss for the period	(29,130)					(29,130)
Other comprehensive loss for the period net of tax	—					—
Total comprehensive loss for the period	<u>(29,130)</u>					<u>(29,130)</u>
Total comprehensive loss attributable to:						
– Owners of the Company	(29,086)					(29,086)
– Non-controlling interests	<u>(44)</u>					<u>(44)</u>
Total comprehensive loss for the period	<u>(29,130)</u>					<u>(29,130)</u>

Notes to the unaudited pro forma financial information

- (1) The balances are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2025 set out on pages 22 to 23 of the Company's published unaudited interim report for the six months ended 30 June 2025.
- (2) The amounts are extracted from the unaudited condensed consolidated income statement and statement of comprehensive income of the Group for the six months ended 30 June 2025 set out on pages 20 to 21 of the Company's published unaudited interim report for the six months ended 30 June 2025.
- (3) The adjustment represents the security deposit of approximately RMB20,000,000 payable by the Group upon the Lease Agreement becoming effective. The security deposit was discounted to its present value of approximately RMB6,752,000 using a discount rate of 5.58% and classified as non-current other receivables. This adjustment is considered as additional lease payments for the right-of-use assets and expected to have a continuing financial effect on the Group as the security deposit is refundable upon expiry of the Lease Agreement.

- (4) The pro forma financial information is prepared in a manner consistent with both the format and accounting policies adopted by the Group in its published unaudited interim report and therefore the pro forma financial information is materially consistent with the accounting basis used by the Group. Pursuant to Hong Kong Financial Reporting Standard 16 *Leases* (“**HKFRS 16**”), the Transaction is a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. As a proforma result of the Transaction, lease liabilities will be remeasured at the amount of approximately RMB840,544,000 and the right-of-use assets and lease liabilities of the unaudited pro forma consolidated statement of assets and liabilities would then be increased by approximately RMB833,414,000 and RMB833,414,000, respectively.

Upon initial recognition of the Transaction, the Enlarged Group recognised a deferred tax asset and a deferred tax liability due to temporary differences between the carrying amounts and tax bases of these items. The deferred tax asset of approximately RMB208,354,000 was recognised in respect of the lease liability, while the deferred tax liability of RMB208,354,000 was recognised in respect of the right-of-use asset, applying an Enterprise Income Tax rate of the People’s Republic of China at 25%. These adjustments are recognised as if the lease arrangement had been effective on 30 June 2025, have no net impact on the Enlarged Group.

As the Group intends to enter into arrangements to sublease the leased assets to third parties while the original lease contracts are in effect, assuming the subleases have been entered into and are classified as operating leases, the Group, as the intermediate lessor, will continue to account for the lease liabilities and right-of-use assets on the head leases like any other lease in accordance with HKFRS 16.

The right-of-use assets will be presented as investment properties measured at fair value assuming that the right-of-use assets meet the definition of investment property in accordance with HKAS 40 *Investment Property* (“**HKAS 40**”) and a separate line item under non-current assets. The calculation of impact of HKFRS 16 for the Transaction have been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the impact to the Group had the Transaction been completed on the actual date of completion.

- (5) The adjustment represents the estimated legal and professional fees and other direct expenses directly attributable to the Transaction of approximately RMB624,000 which would be part of the cost of the assets acquired. This adjustment is not expected to have a continuing financial effect on the Group.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(B) REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report, prepared for the purpose of inclusion in this circular, received from the reporting accountants of the Company, CCTH CPA Limited, Certified Public Accountants, Hong Kong.



INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Xinji Shaxi Group Co., Ltd

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Xinji Shaxi Group Co., Ltd (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) and the right-of-use assets being acquired (collectively referred to as the “**Enlarged Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities of the Group as at 30 June 2025 and the unaudited pro forma consolidated income statement and statement of comprehensive income of the Group for the six months ended 30 June 2025 and related notes as set out on pages III-2 to III-6 of the Appendix III of the circular issued by the Company dated 17 November 2025 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on page III-1 of the Appendix III of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition in respect of the possible lease of properties (the “**Proposed Asset Acquisition**”) on the Group’s financial position as at 30 June 2025 and the Group’s financial performance for the six months ended 30 June 2025 as if the Proposed Asset Acquisition had taken place as at 30 June 2025. As part of this process, information about the Group’s financial position and financial performance has been extracted by the Directors from the Group’s interim report for the six months ended 30 June 2025, on which no audit or review report has been published.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have complied the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Asset Acquisition at 30 June 2025 would have been as presented.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP
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A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

CCTH CPA Limited

Certified Public Accountants

Hong Kong

Kwong Tin Lap

Practising Certificate No.: P01953

17 November 2025

The following is the text of a letter and a valuation certificate prepared for the purpose of incorporation in this circular received from Masterpiece Valuation Advisory Limited, an independent valuer, in connection with its valuation as of 30 September 2025 of the property interests.



17 November 2025

The Board of Directors
Xinji Shaxi Group Co., Ltd
1st Floor, Xinjicheng Club,
No. 250 Nanda Road, Panyu District,
Guangzhou City, Guangdong Province,
the PRC

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions of Xinji Shaxi Group Co., Ltd (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) for us to carry out the rental valuation of the property interests of the shops located on the land at 101 Yingbin Road, Shangjiao Village, Luopu Street, Panyu District, Guangzhou City, the PRC (the “**Property 1**”) (廣州市番禺區洛浦街上漱村迎賓路101號) and the land at 2 Shangjiao Street, Panyu District, Guangzhou City, the PRC (the “**Property 2**”) (廣州市番禺區上漱大街2號物業(上漱大街西側臨街商舖)) (collectively, the “**Properties**”). We confirm that we have carried out the inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Rent of the property interests of the Properties as of 30 September 2025 (the “**Valuation Date**”).

VALUATION STANDARDS

In valuing the property interests, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the HKIS Valuation Standards (2024 Edition) published by the Hong Kong Institute of Surveyors and the International Valuation Standards published from time to time by the International Valuation Standards Council.

BASIS OF VALUATION

Our valuation is carried out on a Market Rent basis, which is defined as *“The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”*.

VALUATION ASSUMPTIONS

Our valuation of the Properties excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the letting, or any element of special value or costs of letting or offset for any associated taxes.

No allowance has been made in our report for any deferred term contract, leaseback, joint venture, management agreement or any similar agreement, charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting the lease. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions, and outgoings of an onerous nature, which could affect their market rent.

In the course of our valuation of the Properties in the PRC, we have assumed that transferable land use rights in respect of the Properties for a specific term at nominal annual land use fees have been granted and that any premium has already been fully settled. We have relied on the advice given by the Group regarding the title to the Properties. For the purpose of our valuation, we have assumed that the grantee has an enforceable title to the Properties.

In valuing the Properties in the PRC, we have assumed that the grantees or the users of the Properties have free and uninterrupted rights to use or to assign the Properties for the whole of the unexpired term as granted.

Unless noted in the report, vacant possession is assumed for the Properties concerned.

Moreover, we have assumed that the design and construction of the Properties are/will be in compliance with the local planning regulations and requirements and had been/would have been duly examined and approved by the relevant authorities.

Continued uses assume the Properties will be used for the purposes for which the Properties are designed and built, or to which they are currently adapted. The valuation of the Properties in continued uses does not represent the amount that might be realised from piecemeal disposition of the Properties in the open market.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial, and local environmental regulations and laws is assumed. Moreover, it is assumed that all required licences, consents or other legislative or administrative authority from any local, provincial, or national government or private entity or organisation either have been or can be obtained or renewed for any use which the report covers.

It is also assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined, and considered in the valuation report. In addition, it is assumed that the utilisation of the land and improvements are within the boundaries of the Properties described and that no encroachment or trespass exists, unless noted in the report.

We have further assumed that the Properties were not transferred or involved in any contentious or non-contentious dispute as of the valuation date. We have also assumed that there was not any material change in the Properties between the dates of our inspection and the Valuation Date.

VALUATION METHODOLOGY

In the course of our valuation, unless otherwise stated, we have valued the Properties in their designated uses with the understanding that the Properties will be used as such (hereafter referred to as “**continued uses**”).

In valuing the property interests, we have valued by market approach which is generally by comparing recent market evidence of similar properties located in the neighbourhood area of the Properties. Adjustments are considered to reflect the differences in various aspects including market conditions, size, location, time, age, quality, and any other relevant factors when comparing such leases against the Properties. This approach is commonly used to value properties where reliable market evidence is available.

The market approach was selected as the most appropriate and reliable method. This is because there is an abundance of recent, reliable, and comparable sales evidence available. This approach most directly reflects the actions of buyers and sellers in the current market, providing the best indication of the subject property’s market value. While income and cost approaches are not suitable for assessing market rent due to their inherent methodological limitations for this purpose.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the property interests in the PRC. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. All documents have been used for reference only and all dimensions, measurements and areas are approximate. We are unable to ascertain the title of the Properties in the PRC and we have therefore relied on the advice given by the Group and the Company’s PRC legal adviser — Guangdong Lianyue Law Firm regarding the interests of the Group in the Properties in the PRC.

In valuing the Properties, we have assumed that the owner of the Properties has an enforceable title to the Properties and has free and uninterrupted rights to use, occupy, assign, or lease the Properties for the whole or part of the unexpired term as granted. We have not verified the authentication of the real estate title certificates and we assume that the copies of relevant documents provided by the Company are true and accurate.

SITE INVESTIGATION

We have inspected the exteriors and, where possible, the interior of the Properties. The site inspection was carried out on 19 August 2025 by Greivis Sze (holder of Bachelor Degree in Real Estate, Birmingham City University and Director of Masterpiece Valuation Advisory Limited). However, we have not carried out an investigation on site to determine the suitability of ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. We have further assumed that there is no significant pollution or contamination in the locality which may affect any future developments.

Moreover, no structural surveys have been undertaken, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Properties is free of rot, infestation or any other structural defects. No tests were carried out on any of the utility services.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Company or the legal or other professional advisers on such matters as statutory notices, planning approvals, zoning, easements, tenures, completion date of buildings, development proposal, identification of properties, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies, and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the Properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

LIMITING CONDITION

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

CURRENCY

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (“RMB”).

Our valuations are summarized below and the valuation certificate is attached.

Yours faithfully,
For and on behalf of
Masterpiece Valuation Advisory Limited
Sr Oswald W Y Au
MHKIS (GP) AAPI MSc (RE)
Registered Professional Surveyor (GP)
Managing Director

Note: Mr. Oswald W Y Au is a member of the Hong Kong Institute of Surveyors (General Practice), an Associate Member of the Australian Property Institute and a Registered Professional Surveyor (General Practice) registered with the Surveyors Registration Board. He has over 20 years’ experience in financial valuation and property valuation in Hong Kong, the PRC, the U.S. and the Asia Pacific region respectively.

VALUATION CERTIFICATE

Property interests leased by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market monthly rent in existing state as at 30 September 2025 RMB
Shops located on the land at 101 Yingbin Road, Shangjiao Village, Luopu Street, Panyu District, Guangzhou City, the PRC (“ Property 1 ”) and the shops located on the land at 2 Shangjiao Street, Panyu District, Guangzhou City, the PRC (“ Property 2 ”)	Property 1 comprises shops located on the land with a total site area of approximately 70,601.82 square metres, open space area of approximately 42,119.61 square meters and building area of approximately 60,107.89 square metres. Property 2 comprises shops located on the land with a total site area of approximately 22,657.74 square metres, open space area of approximately 19,235.33 square metres and building area of approximately 7,288.07 square metres. The total building area of the shops (i.e. the Properties) is approximately 67,395.96 square metres and the total site area is approximately 93,259.56 square metres.	Portion of the property has been leased to various third parties for commercial purpose.	4,930,000 (100% interest attributable to the Group: 4,930,000)

Property	Description and tenure	Particulars of occupancy	Market monthly rent in existing state as at 30 September 2025 RMB
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The Properties are located in Guangzhou City, near the Chimelong Safari Park, with approximately 15km to Guangzhou South Train Station and 55km to Guangzhou Baiyun International Airport.

The land use rights in respect of the land on which Xinji Hotelex Hospitality Supplies Center is situated are leased to Guangzhou Wanhua Hospitality Supplies City Company Limited (廣州萬華酒店用品城有限公司), an indirect wholly-owned subsidiary of the Company, for a term commencing from 1 June 2006 and expiring on 31 May 2026.

Notes:

- i. Pursuant to the land use rights tenancy agreement dated 11 November 2004 (as amended and supplemented by supplemental agreements dated 28 September 2007, 15 June 2010 and 26 August 2010) entered into between the Guangzhou City Panyu District Luopu Street Shangjiao Village Shareholding Economic Cooperatives (廣州市番禺區洛浦街上澍村股份合作經濟社) and Guangzhou Wanhua Hospitality Supplies City Company Limited, various parcel of land with a total site area of approximately 100,438.00 square metres were contracted to be assigned for a term commencing from 1 June 2006 and expiring on 31 May 2026 at a monthly rent of RMB2.8 per square metres and a 5% increase every next year.
- ii. Pursuant to various tenancy agreements, the buildings with a total lettable area of approximately 52,569.00 square metres are sub-leased to various third parties for various terms with the latest expiry date 31 May 2026 at a total monthly rent of approximately RMB5,000,000 for commercial purpose.
- iii. Pursuant to a tenancy agreement, the land parcel with a total site area of approximately 11,613.00 square metres is sub-leased to third party from 1 July 2021 to 31 May 2026.
- iv. In our valuation, we have made reference to some transaction/asking rental references of similar properties in the locality. The unit rents assumed by us are consistent with the said rental reference. Due adjustments to the unit rents of those rental references have been considered to reflect factors including but not limited to time, location and size in arriving at the key assumptions.

The selection criteria of the transaction and/or asking price references of the comparable references are stated below:

- a. The usage of the comparable references, which is commercial or home furnishings/supplies/building materials center;
- b. The location of the comparable references, which are within 6km distance from the subject property and located in Panyu District;
- c. The size of the comparable references, which are around 100 – 500 sq.m. per unit.

Based on the aforesaid criteria, we have, to our best endeavour and knowledge, identified an exhaustive list of the below comparable references.

The details of the comparable references are stated below:

Address	Gross Floor Area (sq.m.)	Unit rent/ sq.m./month	Usage	Distance to the subject property
Wuzhou City International Building Materials Center (五洲城國際建材中心)	100-300	70-100	Home furnishings/supplies/building materials center	<300m
Juran Home (Panyu Store) (居然之家(番禺店))	100-400	130-160	Home furnishings/supplies/building materials center	5-6km
JSWB Guangzhou (Panyu) Home Furnishings Expo Center (吉盛偉邦廣州(番禺)家居博覽中心)	100-400	110-150	Home furnishings/supplies/building materials center	5-6km

Address	Gross Floor Area (sq.m.)	Unit rent/ sq.m./month	Usage	Distance to the subject property
No. 68, Shangjiao Section, Yingbin Road, Luopu Street, Panyu District	120	66.67	Commercial	<600m
No. 14, Lane 2, Shajiao Middle Road, Panyu District	120	56.67	Commercial	<600m

The market rent of the property:

Formula:	Market monthly rent (RMB)
Market rent = A*B	4,930,000

Where:

A = Adopted average unit rent of the properties – 73.15/sq.m./month

B = Area of the properties (sq.m.) – 67,395.96 sq.m.

- v. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- The properties have obtained either the Real Property Ownership Certificate or the Collective Land Use Right Certificate. Although some of the properties were constructed without completing the relevant approval and filing procedures and therefore have not yet acquired the Building Ownership Certificate, these shops are all owned by the SVSEC and are free from ownership disputes. The SVSEC is entitled to lease the rental projects to external parties.
 - Although some properties do not possess a Building Ownership Certificate due to the historical absence of a Building Construction Permit, the SVSEC has a clear record with no administrative penalties or enforcement notices from relevant authorities concerning these structures. There are no legal impediments to leasing these properties.

The Group is principally engaged in the operation of shopping malls for hospitality supplies and home furnishings which generate rental revenue in the PRC. There will be no change in the principal business of the Group as a result of the Possible Lease. Set out below are the management discussion and analysis of the Group for each of the financial years ended 31 December 2022 (“FY2022”), 31 December 2023 (“FY2023”) and 31 December 2024 (“FY2024”) and the six months ended 30 June 2025 (“6M2025”), respectively. For the purpose of this circular, the financial information in respect of the Group is derived from the audited consolidated financial statements of the Group for FY2022, FY2023 and FY2024 as well as the unaudited consolidated financial statements of the Group for 6M2025.

BUSINESS REVIEW

Our business operations comprise six main business lines: (i) our shopping malls, including three shopping malls for hospitality supplies and two shopping malls for home furnishings; (ii) subleasing apartments; (iii) property management projects; (iv) managed shopping malls; (v) our online shopping mall for sales of hospitality supplies and home furnishings; and (vi) our exhibition management business. The Group’s revenue is mainly derived from the operating lease rental income and revenue generated from property management service of our Group’s owned/leased portfolio shopping malls.

Shopping malls

We have five shopping malls, including three shopping malls for hospitality supplies and two shopping malls for home furnishings.

Shopping Malls for Hospitality Supplies

- (1) Xinji Shaxi Hospitality Supplies Expo Center (信基沙溪酒店用品博覽城)
- (2) Xinji Hotelex Hospitality Supplies Center (信基豪泰酒店用品城)
- (3) Xinji Shaxi Hospitality Supplies Expo Center (Shenyang) (瀋陽信基沙溪酒店用品博覽城)

Shopping Malls for Home Furnishings

- (4) Xinji Dashi Home Furnishings Center (信基大石傢俬城)
- (5) Xinji Shaxi Home Furnishings Expo Center (Shenyang) (瀋陽信基沙溪國際家居用品博覽中心)

Subleasing Apartments

Reference is made to the announcement of the Company dated 23 December 2021. On 23 December 2021, Guangzhou Xinji Yuzheng Commerce Operation Management Co., Ltd* (廣州信基譽正商業運營管理有限公司) (“**Xinji Yuzheng**”), an indirect wholly-owned subsidiary of the Company, and Guangzhou Longmei Dongman Technology Co., Ltd* (廣州龍美動漫科技有限公司) (“**Longmei Dongman**”) entered into a sublease agreement pursuant to which Xinji Yuzheng agreed to sublease Building C1 and C2, Zone C, Xinji Longmei International Animation Industrial Park, Longmei Village, Panyu Avenue, Panyu District, Guangzhou City, Guangdong Province, the PRC* (中國廣東省廣州市番禺區番禺大道龍美村信基龍美國際動漫產業園C區C1及C2大廈) with a total GFA of approximately 34,394 sq.m. together with the 237 underground car parking spaces known as Yuanyang Bangshe* (遠洋邦舍) from Longmei Dongman for a term of approximately 14.4 years commencing from 11 January 2022 and expiring on 31 May 2036 (both days inclusive) at the consideration of approximately RMB153.8 million. On 23 December 2021, Xinji Yuzheng and Beijing Bangshe Gongyu Management Co., Ltd. Guangzhou Branch* (北京邦舍公寓管理有限公司廣州分公司) (“**Bangshe Gongyu Guangzhou**”) entered into a sub-sublease agreement pursuant to which Xinji Yuzheng agreed to sub-sublease Yuanyang Bangshe* (遠洋邦舍) to Bangshe Gongyu Guangzhou for a term of 10 years commencing from 11 January 2022 and expiring on 10 January 2032 (both days inclusive) at the total consideration of approximately RMB170.9 million.

Property Management Projects

In June 2022, the Group has completed the acquisitions of Guangzhou Xinji Youxiang Property Co., Ltd.* (廣州信基優享物業有限公司) (“**Guangzhou Youxiang**”) and Foshan Xinji Youxiang Commercial Service Co., Ltd.* (佛山信基優享商業服務有限公司) (“**Foshan Youxiang**”), which are principally engaged in the provision of property management service for commercial complex. The property projects currently under the management of Guangzhou Youxiang and Foshan Youxiang include (i) the Xiajiao project (廈滯項目), which comprised of the premises known as Xinji Plaza Hall A* (信基廣場A館) and Xiajiao Commercial Building* (廈滯商業大廈); (ii) the Shangjiao Comprehensive Building Project (上澍綜合樓項目), which comprised of the premises known as Shangjiao Comprehensive Building* (上澍綜合樓); (iii) the Yuedao Project (玥島項目); (iv) the Longmei Project (龍美項目), which comprised of the premises known as Lingxiu Mansion* (領秀公館); and (v) the Xinji Plaza Project (信基廣場項目), which comprised of the premises known as Foshan Jiujiang Xinji Plaza* (佛山九江信基廣場).

The following table sets forth the income from property lease and property management service respectively for the three abovementioned business segments (shopping malls, subleasing apartments and property management projects) by region during the years and period indicated:

	Property leasing income			
	6M2025	FY2024	FY2023	FY2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Guangzhou region	78,144	174,756	185,340	198,801
Foshan region	–	–	–	–
Shenyang region	5,451	14,137	14,102	20,603

	Property management service income			
	6M2025	FY2024	FY2023	FY2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Guangzhou region	16,200	33,394	35,870	40,649
Foshan region	5,645	8,966	8,245	8,241
Shenyang region	6,731	15,325	17,195	13,935

Managed Shopping Mall

In this segment, we provide shopping mall operation services to other shopping mall owners. Under this business model, we would be responsible for managing the marketing and daily operations of the shopping malls, while the shopping mall owners would be responsible for bearing all the operating expenses of the shopping malls and paying us a brand licencing fee and operation management fee. Our operation management fee would be determined with reference to the length of operation and the rental income of the relevant shopping malls.

- (1) *Xinji Shaxi Yuetang International Hotel Supplies Trading Exhibition Center (信基沙溪 • 岳塘國際酒店用品交易展示中心)*

In October 2018, we entered into a cooperation agreement with Hunan Hongyue Commercial Management Company Limited* (湖南省泓岳商業管理有限公司), an independent third party. Pursuant to the cooperation agreement, the Group agreed to act as the shopping mall manager of a planned hospitality supplies shopping mall located in Yuetang International Trade City* (岳塘國際商貿城), a commercial complex developed by Hunan Hongyue Commercial Management Company Limited at No. 88 Hetang Section, Furong Avenue, Yuetang District, Xiangtan City, Hunan Province, the PRC. It is expected that this shopping mall would have a total operating area of approximately 120,000 sq.m. and could accommodate a maximum of 400 tenants. It is the first managed hospitality supplies shopping mall of the Group. We are still negotiating with the landlord in relation to the specific opening time of the shopping mall. As at the Latest Practicable Date, there is no concrete schedule.

(2) *Huafeng Xinji Shaxi Hospitality Supplies Center (華豐 • 信基沙溪酒店用品城)*

On 25 September 2021, we entered into a cooperation agreement with Henan Zhengzhou Henghao Iron and Steel Co., Ltd (河南省鄭州市恒昊鋼鐵有限公司), an independent third party. Pursuant to the cooperation agreement, the Group agreed to act as the manager of a planned hospitality supplies shopping mall located in a commercial complex developed by Zhengzhou Henghao Iron and Steel Co., Ltd at Buildings 1-6, West Zone A1, the intersection between East Hanghai Road and Qiancheng Road, No. 2022 Hanghai East Road, Economic and Technological Development Zone, Zhengzhou City, Henan Province. It is expected that this shopping mall would have a total operating area of approximately 150,000 sq.m. and could accommodate a maximum of 500 tenants. It is the second managed hospitality supplies shopping mall of the Group. As the progress of project investment promotion and opening was seriously affected by the COVID-19 pandemic, the Company entered into an agreement with Henan Zhengzhou Henghao Iron and Steel Co., Ltd. (河南省鄭州市恒昊鋼鐵有限公司) in March 2023 to terminate the original cooperation agreement after friendly negotiation.

Online Shopping Mall

The goods sold by the Group were entirely hospitality goods and home furnishings.

During the FY2022, our online shopping mall generated revenue of approximately RMB13.7 million for the sales of goods (FY2021: RMB18.9 million). During the year, due to the reduction of the B2C platform business of the Group, and efforts to streamline its staff and reduce labour costs, the Group recorded operating profit for the business of online shopping mall during the year. The operating profit margin of the online shopping mall during FY2022 has increased to approximately 8% (FY2021: -33%).

During the FY2023, our online shopping mall generated revenue of approximately RMB11.3 million for the sales of goods (FY2022: RMB13.7 million). Due to the increase in purchase costs, the weakening of consumer purchasing power and other macroeconomic factors, the operating profit margin of the online shopping mall during FY2023 has decreased to approximately 6% (FY2022: 8%).

During the FY2024, our online shopping mall generated revenue of approximately RMB8.1 million for the sales of goods (FY2023: RMB11.3 million). The operating profit margin of the online shopping mall during the FY2024 was approximately 9% (FY2023: 6%).

During the 6M2025, our online shopping mall generated revenue of approximately RMB4.4 million for the sales of goods (2024 Period: RMB4.5 million). The operating profit margin of the online shopping mall during the Reporting Period has decreased to approximately 18% (2024 Period: 39%).

Exhibition Management Business

We provide exhibition management services for the China Hospitality Expo (華南酒店業博覽會) (“CHE”) in the PRC annually. CHE is considered as the major managed exhibition of the Group. CHE provides a one-stop trade platform for global hospitality supplies providers and purchasers to broaden their sale and purchase channels. Because of the continuous impact of the global outbreak of COVID-19 pandemic in 2020, the Company has already suspended the organisation of exhibitions for CHE since 2020 and no revenue was generated from CHE.

Outlook

Looking ahead, the Group believes that the general outlook for the business environment in which the Group operates will continue to be challenging, but the Group will continue to adjust its operational strategies to address market changes. In light of the uncertain business environment, the Group will strive to expand the business of property management service and seek new business opportunities from time to time in order to broaden the source of income and diversify its business, thereby bringing sustainable and stable development to the Group in the interests of the Company and the Shareholders as a whole. The Board will remain prudent about the prospects of the Group’s six main business lines in the long term. Meanwhile, the Group continues to solidify its business foundation and remains committed to its six main business lines, and will maintain a model of rapid development of light asset projects featured by “Brand Export, Management Export, and Cooperative Operation”, while establishing a vertical e-commerce service platform for the hospitality supplies industry and expanding the online shopping mall business, thereby further expanding the market share and brand influence of the Group. The Group will continue to explore suitable business and investment opportunities to drive its business growth.

FINANCIAL REVIEW

Cash and Cash Equivalents

As at 31 December 2022, the Group’s cash and cash equivalents amounted to approximately RMB314.5 million (31 December 2021: RMB249.7 million), which are mainly denominated in Renminbi. As at 31 December 2023, the Group’s cash and cash equivalents amounted to approximately RMB513.0 million (31 December 2022: RMB314.5 million), which are mainly denominated in Renminbi. As at 31 December 2024, the Group’s cash and cash equivalents amounted to approximately RMB582.5 million (31 December 2023: RMB513.0 million), which are mainly denominated in Renminbi. As at 30 June 2025, the Group’s cash and cash equivalents amounted to approximately RMB654.5 million (31 December 2024: RMB582.5 million). Cash and cash equivalents are mainly denominated in Renminbi.

Borrowing and Charges on the Group's Assets

As at 31 December 2022, the Group's bank borrowings of approximately RMB733.3 million (31 December 2021: RMB746.4 million) bore interest at interest rates ranging from 4.90% to 6.86% per annum and were secured by investment properties of the Group. The value of investment properties pledged as collateral for the Group's borrowings was approximately RMB418.8 million (31 December 2021: RMB419.6 million).

As at 31 December 2023, the Group's bank borrowings of approximately RMB879.4 million (31 December 2022: RMB733.3 million) bore interest at interest rates ranging from 4.45% to 6.13% (31 December 2022: 4.90% to 6.86%) per annum and were secured by investment properties of the Group. The value of investment properties pledged as collateral for the Group's borrowings was approximately RMB1,011.9 million (31 December 2022: RMB418.8 million).

As at 31 December 2024, the Group's bank borrowings of approximately RMB813.4 million (31 December 2023: RMB879.4 million) bore interest at interest rates ranging from 4.43% to 6.06% (31 December 2023: 4.45% to 6.13%) per annum and were secured by investment properties of the Group. The value of investment properties pledged as collateral for the Group's borrowings was approximately RMB859.6 million (31 December 2023: RMB1,011.9 million).

As at 30 June 2025, the Group's bank borrowings of approximately RMB836.0 million (31 December 2024: RMB813.4 million) bore interest at interest rates ranging from 4.43% to 6.06% per annum and were secured by investment properties of the Group. As at 30 June 2025, the value of investment properties pledged as collateral for the Group's borrowings was approximately RMB853.8 million (31 December 2024: RMB859.6 million).

Gearing Ratio

The gearing ratio as at 31 December 2022, calculated on the basis of net debt over total capital, was 30% as compared with 29% as at 31 December 2021.

The gearing ratio as at 31 December 2023, calculated on the basis of net debt over total capital, was 27% as compared with 30% as at 31 December 2022.

The gearing ratio as at 31 December 2024, calculated on the basis of net debt over total capital, was 20% as compared with 27% as at 31 December 2023.

The gearing ratio as at 30 June 2025, calculated on the basis of net debt over total capital, was 16% as compared with 20% as at 31 December 2024.

Net Current Assets and Current Ratio

As at 31 December 2022, the Group had net current assets of RMB46.4 million as compared with net current assets of RMB49.9 million as at 31 December 2021. The current ratio was 1.14 as at 31 December 2022 (31 December 2021: 1.16).

As at 31 December 2023, the Group had net current assets of RMB144.1 million as compared with net current assets of RMB46.4 million as at 31 December 2022. The current ratio was 1.32 as at 31 December 2023 (31 December 2022: 1.14).

As at 31 December 2024, the Group had net current assets of RMB100.4 million as compared with net current assets of RMB144.1 million as at 31 December 2023. The current ratio was 1.18 as at 31 December 2024 (31 December 2023: 1.32).

As at 30 June 2025, the Group had net current assets of approximately RMB145.6 million as compared with net current assets of approximately RMB100.4 million as at 31 December 2024. The current ratio was 1.24 as at 30 June 2025 (31 December 2024: 1.18).

Contingencies

On 30 December 2020, Shanghai Yuanshang Property Co.,Ltd (formerly named as Shanghai Red Star Macalline Commercial Property Investment Co., Ltd) (“**Shanghai Red Star**”) lodged a claim of arbitration against several respondents, including Shenyang Xinji Industrial. According to the claim, Shanghai Red Star requested Shenyang Xinji Industrial, among other respondents, to make compensation for the breach of a cooperative development agreement. As at 31 December 2022, the case had not been heard by the Shanghai International Arbitration Center. The Group assessed this claim with assistance of external lawyer and considered that the judgment would be in its favour and therefore had not recognised a provision in relation to this claim. The potential maximum compensation that the Group could be required to make if there was an adverse decision related to the arbitration is estimated to be approximately RMB20 million. On 1 April 2022, Beijing Chengwaicheng and the other relevant defendants lodged a counterclaim against Guangzhou Shaxi Hotel to make compensation for the breach of the lease intention agreement and lease agreement. As at 31 December 2022, the case had not been heard by Beijing Court. The Group assessed this claim with assistance of external lawyer and considered that the judgment would be in its favour and therefore had not recognised a provision in relation to this counterclaim. The potential maximum compensation that the Group could be required to make if there was an adverse decision related to the arbitration was estimated to be approximately RMB12.4 million.

Operating lease commitments

The Group is a lessor when the Group leases out property under long-term leases arrangements, which is non-cancellable operating lease agreements. The lease terms are mainly from 1 to 10 years and the majority of lease agreements are renewable at the end of the lease period at market rate.

Acquisition and Disposal of Subsidiaries and Associated Companies

Reference is made to the circular (the “**Circular**”) of the Company dated 13 May 2022 and the extraordinary general meeting of the Company held on 8 June 2022. Unless otherwise defined, capitalised terms used herein shall bear the same meanings as those defined in the Circular. On 15 March 2022, Guangzhou Xinji Jiuxing Service Co., Ltd.* (廣州信基玖星服務有限公司) (the “**Purchaser**”), an indirect wholly-owned subsidiary of the Company, Guangzhou Xinji Property Management Co., Ltd.* (廣州市信基物業管理有限公司) (“**Vendor I**”), Guangzhou Xinji Youxiang Property Co., Ltd.* (廣州信基優享物業有限公司) (“**Guangzhou Youxiang**”) and Guarantors I entered into the Share Transfer Agreement I pursuant to which the Purchaser agreed to acquire and Vendor I agreed to dispose of the entire equity interests in Guangzhou Youxiang at the total consideration of RMB75.0 million. On 15 March 2022, the Purchaser, Foshan Xinji Plaza Management Co., Ltd.* (佛山信基廣場經營管理有限公司) (“**Vendor II**”), Foshan Xinji Youxiang Commercial Service Co., Ltd.* (佛山信基優享商業服務有限公司) (“**Foshan Youxiang**”) and Guarantors II entered into the Share Transfer Agreement II pursuant to which the Purchaser agreed to acquire and Vendor II agreed to dispose of the entire equity interests in Foshan Youxiang at the total consideration of RMB24.0 million. Guangzhou Youxiang and Foshan Youxiang are principally engaged in the provision of property management service. Completion of the acquisitions has taken place, and Guangzhou Youxiang and Foshan Youxiang have become indirect wholly-owned subsidiaries of the Company. For details on the acquisitions, please refer to the Circular. Save as disclosed above, the Group had no material acquisitions and disposals of subsidiaries, associated companies and joint ventures during the FY2022.

The Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during FY2023, FY2024 and 6M2025.

Future Plans for Material Investments or Capital Assets

Save as those disclosed under the section headed “Business – Our Strategies” in the Prospectus or in this report, the Group had no other plan for material investments or capital assets as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025.

Foreign exchange risk

The Group operates mainly in the PRC with most of the transactions settled in Renminbi. The management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group denominated in the currencies other than Renminbi, except that:

- (i) as at 31 December 2022, the Group has bank balance of RMB8.9 million denominated in Hong Kong dollars. If Renminbi had strengthened/weakened by 2% against Hong Kong dollars, the post-tax profit of the Group for the year ended 31 December 2022 would have been approximately RMB0.2 million lower/higher (FY2021: RMB0.3 million);

- (ii) as at 31 December 2023, the Group has bank balance of RMB3.8 million denominated in Hong Kong dollars. If Renminbi had strengthened/weakened by 2% against Hong Kong dollars, the post-tax profit of the Group for the year ended 31 December 2023 would have been approximately RMB0.1 million lower/higher (FY2022: RMB0.2 million);
- (iii) as at 31 December 2024, the Group had bank balance of RMB0.9 million denominated in Hong Kong dollars. If Renminbi had strengthened/weakened by 2% against Hong Kong dollars, the post-tax loss of the Group for the year ended 31 December 2024 would have been approximately RMB0.02 million higher/lower (FY2023: RMB0.1 million); and
- (iv) as at 30 June 2025, the Group had approximately RMB202,000 denominated in Hong Kong dollars.

Currently, the Group does not have any foreign currency hedging policy, but the management will monitor the foreign exchange exposure of the Group continuously.

Treasury Management

Our treasury management functions undertake the responsibility of cash management, liquidity planning and control, cost-effective capital provided to the Group, liaison with banks and other related institutions, investment in financial products, as well as mitigation of all financial risks such as interest rates and foreign exchange. The design of our treasury management functions aims to coordinate with the Group's long-term and short-term demands and comply with the criteria of proper governance.

During the FY2022, FY2023, FY2024 and 6M2025, there had been no material change in the Group's funding and treasury policies. The Group had a sufficient level of cash and banking facilities for the conduct of its trade in the normal course of business. To manage liquidity risk, we closely monitor the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Human Resources

As at 31 December 2022, the total number of employees of the Group was approximately 276 (FY2021: 204), which representing an increase of 35% from 31 December 2021, the overall headcount of the Company remained stable. The number of male and female employees are 186 and 90, respectively (accounted for 67% and 33% respectively). The employee benefit expenses for FY2022 including Directors' emoluments were approximately RMB43.2 million (FY2021: RMB38.1 million).

As at 31 December 2023, the total number of employees of the Group was approximately 272 (FY2022: 276), which represents a decrease of 2% from 31 December 2022, the overall headcount of the Company remained stable. The number of male and female employees are 181 and 91, respectively (accounted for 67% and 33% respectively). The employee benefit expenses for FY2023 including Directors' emoluments were approximately RMB39.1 million (FY2022: RMB43.2 million).

As at 31 December 2024, the total number of employees of the Group was approximately 260 (FY2023: 272), which represents a decrease of 4.4% from 31 December 2023, the overall headcount of the Company remained stable. As at 31 December 2024, the number of male and female employees were 178 and 82, respectively (accounted for 68% and 32% respectively). The employee benefit expenses for FY2024 including Directors' emoluments were approximately RMB36.8 million (FY2023: RMB39.1 million).

As at 30 June 2025, the total number of employees of the Group was approximately 258 (2024 Period: 256) and the employee benefit expenses for the Reporting Period including Directors' emoluments were approximately RMB18.4 million (2024 Period: RMB18.7 million).

The Group offers a comprehensive remuneration package which is reviewed by the management on a regular basis. The Group provides employees with competitive remuneration, including wages, subsidies, seniority wages, attendance awards, benefits and year-end awards. The Group establishes employee remuneration policy based on the general market environment and practices, employee responsibilities, and the Group's financial capabilities. The Group's Remuneration Management Policy is developed based on the position-level salary system, with the objective of establishing internal wage comparability between the various grades and categories. Under the position-level salary system, the Group refers to the salary level of enterprises of the same scale in the same industry, determines the salary of employees by the corresponding rank of the employed position in the salary system, and links the performance salary with the Group's income and performance results. The Group also invests in continuing education and training programmes for its management staff and other employees with a view to constantly upgrading their skills and knowledge. The Group values employees as our most valuable assets and believes effective employee engagement is an integral part of business success. In this context, effective communication with employees at all levels is highly valued with the ultimate goal to enhance the efficiency in providing quality service to the customers.

1. 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.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive officer's interests and short positions in securities and underlying shares

As at the Latest Practicable Date, the interests or short positions of each Director and chief executive officer of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Director	Capacity/nature of interest	Class and number of securities held ^(Note 1)	Approximate percentage of interest in the Company's issued share capital
Cheung Hon Chuen ("Mr. Cheung")	Interest of controlled corporation ^(Notes 2, 5)	570,564,000 (L)	38.22%
Mei Zuoting ("Mr. Mei")	Interest of controlled corporation ^(Notes 3, 5)	570,564,000 (L)	38.22%
Zhang Weixin ("Mr. Zhang")	Interest of controlled corporation ^(Notes 4, 5)	570,564,000 (L)	38.22%

Notes:

1. The letter “L” denotes a long position in the Shares.
2. Honchuen Investment Limited (“**Honchuen Investment**”) was wholly-owned by Mr. Cheung. Mr. Cheung is deemed to be interested in all the Shares held by Honchuen Investment under the SFO.
3. Zuoting Investment Limited (“**Zuoting Investment**”) was wholly-owned by Mr. Mei. Mr. Mei is deemed to be interested in all the Shares held by Zuoting Investment under the SFO.
4. Weixin Development Overseas Limited (“**Weixin Development**”) was wholly-owned by Mr. Zhang. Mr. Zhang is deemed to be interested in all the Shares held by Weixin Development under the SFO.
5. On 28 December 2018, in preparation for the listing of the Company, Mr. Cheung, Mr. Mei and Mr. Zhang executed the concert parties agreement, pursuant to which they have confirmed their acting in concert arrangement in the past, as well as their intention to continue to act in the above manner upon listing to consolidate their control over our Group through Honchuen Investment, Zuoting Investment and Weixin Development until the concert parties agreement is terminated by them in writing. As such, Mr. Cheung, Mr. Mei, Mr. Zhang, Honchuen Investment, Zuoting Investment and Weixin Development are deemed to be interested in the Shares held by the others under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive officer of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial shareholders' and other shareholders' interests

So far as the Directors are aware, as at the Latest Practicable Date, to the best knowledge of the Directors and chief executive officer of the Company, the following persons (not being a Director or chief executive officer of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/nature of interest	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Honchuen Investment	Beneficial owner ^(Note 5)	570,564,000 (L)	38.22%
Jingzhou Global Investments Ltd. ("Jingzhou Global")	Interest of controlled corporation ^(Notes 2 and 5)	570,564,000 (L)	38.22%
Kaixin Enterprises Ltd. ("Kaixin Enterprises")	Interest of controlled corporation ^(Notes 2 and 5)	570,564,000 (L)	38.22%
Jinrong Holdings Ltd. ("Jinrong Holdings")	Interest of controlled corporation ^(Notes 2 and 5)	570,564,000 (L)	38.22%
Ruifeng Holdings Ltd. ("Ruifeng Holdings")	Interest of controlled corporation ^(Notes 2 and 5)	570,564,000 (L)	38.22%
Hengyao Enterprises Ltd. ("Hengyao Enterprises")	Interest of controlled corporation ^(Notes 2 and 5)	570,564,000 (L)	38.22%
Shengtong Holdings Limited ("Shengtong Holdings")	Interest of controlled corporation ^(Notes 2 and 5)	570,564,000 (L)	38.22%
Huaxun Holdings Limited ("Huaxun Holdings")	Interest of controlled corporation ^(Notes 2 and 5)	570,564,000 (L)	38.22%
Fengchuang Holdings Limited ("Fengchuang Holdings")	Interest of controlled corporation ^(Notes 2 and 5)	570,564,000 (L)	38.22%
Yuchang Holdings Limited ("Yuchang Holdings")	Interest of controlled corporation ^(Notes 2 and 5)	570,564,000 (L)	38.22%

Name	Capacity/nature of interest	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Zhuolian Holdings Limited ("Zhuolian Holdings")	Interest of controlled corporation ^(Notes 2 and 5)	570,564,000 (L)	38.22%
Xinyuan Company Limited ("Xinyuan Company")	Interest of controlled corporation ^(Notes 2 and 5)	570,564,000 (L)	38.22%
Zuoting Investment	Beneficial owner ^(Note 5)	570,564,000 (L)	38.22%
Wanrong Holdings Limited ("Wanrong Holdings")	Interest of controlled corporation ^(Notes 3 and 5)	570,564,000 (L)	38.22%
Huajin Holdings Limited ("Huajin Holdings")	Interest of controlled corporation ^(Notes 3 and 5)	570,564,000 (L)	38.22%
Weixin Development	Beneficial owner ^(Note 5)	570,564,000 (L)	38.22%
Junya Holdings Limited ("Junya Holdings")	Interest of controlled corporation ^(Notes 4 and 5)	570,564,000 (L)	38.22%
Zhaoxin Holdings Limited ("Zhaoxin Holdings")	Interest of controlled corporation ^(Notes 4 and 5)	570,564,000 (L)	38.22%
Huang Wanyi	Interest of spouse ^(Note 6)	570,564,000 (L)	38.22%
AL Capital Funds VCC for a/c of AL Capital Global Opportunities Fund ^(Note 7)	Investment manager	129,180,000 (L)	8.65%
AL Capital Holdings International Pte. Ltd.	Interest of controlled corporation ^(Note 8)	129,180,000 (L)	8.65%
LYH Group Limited	Interest of controlled corporation ^(Notes 8 and 9)	129,180,000 (L)	8.65%
Lin Yunhui	Interest of controlled corporation ^(Notes 8 and 9)	129,180,000 (L)	8.65%
Huiqun Investment Limited	Beneficial owner ^(Note 10)	93,375,000 (L)	6.25%

Notes:

1. The letter “L” denotes a long position in the Shares.
2. Honchuen Investment is indirectly wholly-owned by Mr. Cheung through a number of companies as set out below:
 - (i) Honchuen Investment is direct wholly-owned by Jingzhou Global;
 - (ii) Jingzhou Global is in directly owned as to 34%, 33% and 33% by Kaixin Enterprises, Jinrong Holdings and Ruifeng Holdings, respectively;
 - (iii) Kaixin Enterprises is directly owned as to 60% and 40% by Hengyao Enterprises and Ruifeng Holdings, respectively;
 - (iv) Jinrong Holdings is directly owned as to 60% and 40% by Ruifeng Holdings and Kaixin Enterprises, respectively;
 - (v) Ruifeng Holdings is directly owned as to 40%, 20%, 20% and 20% by Hengyao Enterprises, Shengtong Holdings, Huaxun Holdings and Fengchuang Holdings, respectively;
 - (vi) Hengyao Enterprises is directly owned as to 33.34%, 33.33% and 33.33% by Zhuolian Holdings, Yuchang Holdings and Xinyuan Company, respectively; and
 - (vii) Each of Shengtong Holdings, Huaxun Holdings, Fengchuang Holdings, Yuchang Holdings, Zhuolian Holdings and Xinyuan Company is direct wholly-owned by Mr. Cheung.

Each of Jingzhou Global, Kaixin Enterprises, Jinrong Holdings, Ruifeng Holdings, Hengyao Enterprises, Shengtong Holdings, Huaxun Holdings, Fengchuang Holdings, Yuchang Holdings, Zhuolian Holdings and Xinyuan Company and Mr. Cheung is deemed to be interested in all the Shares held by Honchuen Investment under the SFO.

3. Zuoting Investment is indirect wholly-owned by Mr. Mei through a number of companies as set out below:
 - (i) Zuoting Investment is direct wholly-owned by Wanrong Holdings;
 - (ii) Wanrong Holdings is directly owned as to 60% and 40% by Mr. Mei and Huajin Holdings, respectively; and
 - (iii) Huajin Holdings is direct wholly-owned by Mr. Mei.

Each of Wanrong Holdings, Huajin Holdings and Mr. Mei is deemed to be interested in all the Shares held by Zuoting Investment under the SFO.

4. Weixin Development is indirect wholly-owned by Mr. Zhang through a number of companies as set out below:
 - (i) Weixin Development is direct wholly-owned by Junya Holdings;
 - (ii) Junya Holdings is directly owned as to 60% and 40% by Mr. Zhang and Zhaoxin Holdings, respectively; and
 - (iii) Zhaoxin Holdings is direct wholly-owned by Mr. Zhang.

Each of Junya Holdings, Zhaoxin Holdings and Mr. Zhang is deemed to be interested in all the Shares held by Weixin Development under the SFO.

5. On 28 December 2018, in preparation for the listing of the Company, Mr. Cheung, Mr. Mei and Mr. Zhang executed the concert parties agreement, pursuant to which they have confirmed their acting in concert arrangement in the past, as well as their intention to continue to act in the above manner upon listing to consolidate their control over our Group through Honchuen Investment, Zuoting Investment and Weixin Development until the concert parties agreement is terminated by them in writing. As such, Mr. Cheung, Mr. Mei, Mr. Zhang, Honchuen Investment, Zuoting Investment and Weixin Development are deemed to be interested in the Shares held by the others under the SFO. For details, please refer to the section headed "Substantial Shareholders" in the prospectus of the Company dated 25 October 2019.
6. Ms. Huang Wanyi is the spouse of Mr. Zhang. By virtue of the SFO, Ms. Huang Wanyi is deemed to be interested in the same number of Shares in which Mr. Zhang is deemed to be interested in under the SFO.
7. AL Capital Global Opportunities Fund is a sub-fund of AL Capital Funds VCC, a variable capital company wholly-owned by AL Capital Holdings International Pte. Ltd.. AL Capital Holdings International Pte. Ltd. is deemed to be interested in all the Shares held by AL Capital Funds VCC for a/c of AL Capital Global Opportunities Fund under the SFO.
8. AL Capital Holdings International Pte. Ltd. was wholly-owned by LYH Group Limited. LYH Group Limited is deemed to be interested in all the Shares held by AL Capital Holdings International Pte. Ltd. under the SFO.
9. LYH Group Limited was wholly-owned by Lin Yunhui. Lin Yunhui is deemed to be interested in all the Shares held by LYH Group Limited and AL Capital Holdings International Pte. Ltd. under the SFO.
10. To the best knowledge and belief of our Directors, Huiqun Investment Limited was wholly-owned by Independent Third Parties.

So far as the Directors are aware, save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any other persons (other than the Directors and the chief executive officer of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

- (c) As at the Latest Practicable Date, none of the Directors or proposed Directors (if any) is a director or employee of a company which had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors and proposed Directors (if any) had entered into or proposed to enter into any service contract with any member of the Group which is not expiring or determinable by the Group within one year without payment of any compensation (other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, proposed Directors (if any) or any of their respective close associates (as defined in the Listing Rules) has any interest in business which competes with or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

6. INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors and proposed Directors (if any) had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2024, the date to which the latest published audited accounts of the Group were made up.

There was no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date, in which any of the Directors was materially interested and which was significant in relation to the business of the Group as a whole.

7. MATERIAL CONTRACTS

No contract (not being contract(s) entered into in the ordinary course of business) has been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date which is or may be material.

8. QUALIFICATION AND CONSENT OF EXPERTS

The following are the qualification of the experts who have given opinion, letter or advice included in this circular:

Name	Qualification
CCTH CPA Limited	Certified public accountants
Masterpiece Valuation Advisory Limited	Independent professional valuer

As at the Latest Practicable Date, none of the experts had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the experts have given and have not withdrawn their respective written consent to the issue of this circular with the inclusion herein of their respective letter(s)/report(s) or their name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the experts had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2024, being the date to which the latest published audited financial statements of the Company were made up.

9. MISCELLANEOUS

- (a) The registered office of the Company is located at 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands.
- (b) The headquarters and principal place of business of the Company in the PRC is located at 1st Floor, Xincheng Club, No. 250, Intersection of Nanda Road, Panyu District, Guangzhou, the PRC.
- (c) The principal place of business of the Company in Hong Kong is located at Rooms 301-303, 3/F, Golden Gate Commercial Building, 136-138 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (d) The Company's branch share register and transfer office in Hong Kong is Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) The Company secretary is Mr. Kam Chi Sing, who is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, the Institute of Financial Accountants (UK) and the Taxation the Institute of Hong Kong and the Hong Kong Institute of Directors. Mr. Kam is also a member of the Hong Kong Securities and Investment Institute and a registered trust and estate practitioner accredited by the Society of Trust and Estate Practitioners.

10. DOCUMENTS ON DISPLAY

The following documents will be available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.xjxs.net.cn) for a period of not less than 14 days from the date of this circular:

- (a) the letter from CCTH CPA Limited in respect of the unaudited pro forma financial information of the enlarged Group, the text of which is set out in Appendix III to this circular;
- (b) the valuation report prepared by Masterpiece Valuation Advisory Limited, the text of which is set out in Appendix IV to this circular; and
- (c) the letters of consent referred to in the paragraph headed "8. Qualification and Consent of Experts" in this Appendix.

NOTICE OF EGM



信基沙溪集团股份有限公司 XINJI SHAXI GROUP CO., LTD

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3603)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Xinji Shaxi Group Co., Ltd (the “**Company**”) will be held at Conference Room, 2nd Floor, Xinjicheng Club, No. 250, Intersection of Nanda Road, Panyu District, Guangzhou, PRC on Friday, 5 December 2025 at 11:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution(s), with or without amendments, as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT:**

the directors of the Company be and are hereby authorised to appoint a person to bid on behalf of any of the Company’s subsidiaries established in the People’s Republic of China at any bidding process of the shops located on the land at 101 Yingbin Road, Shangjiao Village, Luopu Street, Panyu District, Guangzhou City, the PRC (中國廣州市番禺區洛浦街上漱村迎賓路101號) and 2 Shangjiao Street, Panyu District, Guangzhou City, the PRC (中國廣州市番禺區上漱大街2號) (collectively, the “**Properties**”), at or above the reserve price but not exceed an amount equivalent to 5% above the valuation of the Properties as assessed by Masterpiece Valuation Advisory Limited and if successful to proceed with the possible lease of the Properties (the “**Possible Lease**”), and/or to effect the Possible Lease by agreement with the Guangzhou City Panyu District Luopu Street Shangjiao Village Shareholding Economic Cooperatives* (廣州市番禺區洛浦街上漱村股份合作經濟社), and the directors of the Company be and are hereby authorised to execute all such documents, instruments and agreements and do all such acts, matters and things as they may in their absolute discretion consider necessary, desirable or expedient for the purposes of or in connection with implementing, completing and giving effect to the Possible Lease and the transactions contemplated thereunder as they may in their absolute discretion consider necessary or desirable, with full power to authorise any other person to do so, in the name of and as the act of the Company, during the period of 12 months from the date of passing this resolution.”

By order of the Board
Xinji Shaxi Group Co., Ltd
Cheung Hon Chuen
Chairman and executive Director

Guangzhou, the PRC, 17 November 2025

NOTICE OF EGM

Registered office:

71 Fort Street
PO Box 500
George Town
Grand Cayman KY1-1106
Cayman Islands

*Headquarters and principal place of
business in the PRC:*

1st Floor, Xinjicheng Club
No. 250, Intersection of Nanda Road
Panyu District, Guangzhou
PRC

Principal place of business in Hong Kong:

Rooms 301-303
3/F, Golden Gate Commercial Building
136-138 Austin Road
Tsim Sha Tsui
Kowloon
Hong Kong

Notes:

1. Any shareholder entitled to attend and vote at the meeting is entitled to appoint one or, if he holds two or more shares, more proxies to attend and vote instead of him. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
2. Where there are joint registered holders of any shares of the Company, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto; but if more than one of such joint persons be present at the meeting personally or by proxy, then one of the said persons so present whose name stands first on the register of members in respect of such shares of the Company shall alone be entitled to vote in respect thereof.
3. A form of proxy for use at the meeting is enclosed. In order to be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the extraordinary general meeting (i.e. not later than 11:30 a.m. on Wednesday, 3 December 2025) or any adjournment thereof. The form of proxy is also published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.xjsx.net.cn.
4. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the extraordinary general meeting or any adjournment thereof if he/she so wish, and in such event, the authority of the member's proxy shall be deemed to be revoked.
5. For the purpose of determining members who are qualified for attending and voting at the extraordinary general meeting, the register of members of the Company will be closed from Tuesday, 2 December 2025 to Friday, 5 December 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the extraordinary general meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 1 December 2025. Members whose names appear on the register of members of the Company on Friday, 5 December 2025 are entitled to attend and vote at the extraordinary general meeting or any adjourned meeting thereof.
6. Pursuant to Rule 13.39(4) of the Listing Rules, voting for all the resolution(s) set out in this notice will be taken by poll at the above meeting.

NOTICE OF EGM

As at the date of this notice, the Board comprises Mr. Cheung Hon Chuen as chairman and executive Director (Mr. Zhang Weiquan as his alternate); Mr. Mei Zuoting (Mr. Mei Jiawei as his alternate) and Mr. Zhang Weixin (Mr. Zhang Jiajian as his alternate) as executive Directors; Mr. Lin Lie, Ms. Wang Yixue and Mr. Zhao Hui as non-executive Directors; and Dr. Zeng Zhaowu, Mr. Tan Michael Zhen Shan and Dr. Zheng Decheng as independent non-executive Directors.