

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, 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 and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other registered dealer in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this circular.



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)

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES AND
REPURCHASE SHARES;
RE-ELECTION OF RETIRING DIRECTORS;
PROPOSED DECLARATION OF FINAL DIVIDEND;
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of Xinji Shaxi Group Co., Ltd to be held at the Conference Room, 2nd Floor, Xinjicheng Club, No. 250, Intersection of Nanda Road, Panyu District, Guangzhou, PRC on Tuesday, 26 May 2020 at 10:00 a.m. is set out on pages 18 to 23 of this circular.

A form of proxy for use at the Annual General Meeting is also enclosed. Such form of proxy is also published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.xjsx.net.cn. Whether or not you are able to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 10:00 a.m. on Sunday, 24 May 2020 (being not less than 48 hours before the time of the Annual General Meeting) 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 Annual General Meeting or any adjournment thereof if they so wish.

20 April 2020

CONTENTS

	<i>Page</i>
DEFINITIONS	1
 LETTER FROM THE BOARD	
INTRODUCTION	4
ISSUE MANDATE	5
REPURCHASE MANDATE	5
RE-ELECTION OF RETIRING DIRECTORS	6
PROPOSED DECLARATION OF FINAL DIVIDEND	8
CLOSURE OF REGISTER OF MEMBERS	8
NOTICE OF ANNUAL GENERAL MEETING	9
FORM OF PROXY	9
VOTING BY WAY OF POLL	9
RESPONSIBILITY STATEMENT	10
RECOMMENDATION	10
 APPENDIX I – DETAILS OF RETIRING DIRECTORS	 11
 APPENDIX II – EXPLANATORY STATEMENT	 16
 NOTICE OF ANNUAL GENERAL MEETING	 19

DEFINITIONS

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

“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held at the Conference Room, 2nd Floor, Xinjicheng Club, No. 250, Intersection of Nanda Road, Panyu District, Guangzhou, PRC on Tuesday, 26 May 2020 at 10:00 a.m. to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting, which is set out on pages 18 to 23 of this circular, or its adjournment
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“Cayman Companies Law”	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“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 with limited liability on 27 July 2018
“Controlling Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules and unless the context requires otherwise, refers to Mr. Cheung Hon Chuen, Mr. Mei Zuoting, Mr. Zhang Weixin, Honchuen Investment Limited, Zuoting Investment Limited and Weixin Development Overseas Limited
“Director(s)”	the director(s) of the Company
“Final Dividend”	a final dividend of RMB0.013 per share and declared in Renminbi and paid in Hong Kong dollars, the exchange rate of which will be calculated based on the average exchange rate of Renminbi against Hong Kong dollars published by the People’s Bank of China five business days prior to the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“INED(s)”	independent non-executive Director(s)
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the Annual General Meeting to exercise the power of the Company to allot, issue or deal with new Shares not exceeding 20 per cent of the aggregate number of issued Shares of the Company as at the date of passing the relevant resolution
“Latest Practicable Date”	9 April 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Date”	8 November 2019, the date on which dealings in the Shares commenced on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nomination Committee”	the nomination committee of the Company
“PRC”	the People’s Republic of China
“Remuneration Committee”	the remuneration committee of the Company
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the Annual General Meeting to exercise the power of the Company to repurchase Shares not exceeding 10 per cent of the aggregate number of issued Shares of the Company as at the date of passing of the relevant resolution
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	the ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company

DEFINITIONS

“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong

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.*



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

Mr. Mei Zuoting

Mr. Zhang Weixin

Ms. Jin Chunyan

Registered office:

71 Fort Street

PO Box 500

George Town

Grand Cayman KY1-1106

Cayman Islands

Non-executive Directors

Mr. Yu Xuecong

Mr. Wu Jianxun

Mr. Lin Lie

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

Independent non-executive Directors

Dr. Liu Eping

Mr. Chen Tusheng

Mr. Tan Michael Zhen Shan

Mr. Zheng Decheng

Principal place of business in the PRC:

1st Floor, Xinjicheng Club

No. 250, Intersection of Nanda Road

Panyu District, Guangzhou

PRC

20 April 2020

To the Shareholders

Dear Sir and Madam,

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES AND
REPURCHASE SHARES;
RE-ELECTION OF RETIRING DIRECTORS;
PROPOSED DECLARATION OF FINAL DIVIDEND;
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide the Shareholders with the notice of Annual General Meeting and information in respect of the following proposals to be put forward at the Annual General Meeting: (i) the granting of the Issue Mandate to the Directors; (ii) the granting of the Repurchase Mandate to the Directors; (iii) the re-election of the retiring Directors; and (iv) declaration of Final Dividend.

LETTER FROM THE BOARD

ISSUE MANDATE

In order to ensure greater flexibility and give discretion to the Directors in the event that it becomes desirable for the Company to issue new Shares, approval is to be sought for the Shareholders, pursuant to the Listing Rules, granting the Issue Mandate to the Directors to issue Shares. An ordinary resolution numbered 5 will be proposed at the Annual General Meeting to grant to the Directors the Issue Mandate to exercise the powers of the Company to allot, issue and otherwise deal with new shares in the share capital of the Company up to 20 per cent of the total number of issued Shares as at the date of the passing of the resolution in relation to the Issue Mandate. As at the Latest Practicable Date, the issued share capital of the Company comprised 1,500,000,000 Shares. Subject to the passing of the above ordinary resolution and on the basis that there is no change in the number of the issued Shares during the period between the Latest Practicable Date and the date of the Annual General Meeting, the maximum number of Shares which may be allotted, issued and otherwise deal with pursuant to the Issue Mandate will be 300,000,000 Shares, being 20 per cent of the total number of issued Shares as at the date of passing of the resolution to approve the Issue Mandate.

The Issue Mandate will expire at the earliest of (i) the conclusion of the next annual general meeting of the Company following the Annual General Meeting; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; or (iii) the date upon which such authority is revoked or varied by the ordinary resolutions passed by the Shareholders in general meeting prior to the next annual general meeting of the Company.

REPURCHASE MANDATE

In addition, an ordinary resolution numbered 6 will be proposed at the Annual General Meeting to grant the Repurchase Mandate to the Directors to exercise the power of the Company to repurchase issued Shares representing up to 10 per cent of the total number of issued Shares as at the date of the passing of the resolution in relation to the Repurchase Mandate. As at the Latest Practicable Date, the Company did not repurchase any issued Shares. Assuming that there is no change in the number of the issued Shares during the period between the Latest Practicable Date and the date of the Annual General Meeting, the maximum number of Shares which may be repurchased pursuant to the Repurchase Mandate will be 150,000,000 Shares, being 10 per cent of the total number of Shares in issue as at the date of passing of such resolution. The Repurchase Mandate will expire at the earliest of (i) the conclusion of the next annual general meeting of the Company following the Annual General Meeting; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; or (iii) the date upon which such authority is revoked or varied by the ordinary resolutions passed by the Shareholders in general meeting prior to the next annual general meeting of the Company.

LETTER FROM THE BOARD

If the Company conducts a share consolidation or subdivision after the Issue Mandate or the Repurchase Mandate has been approved at the Annual General Meeting, the maximum number of Shares that may be allotted, issued and otherwise dealt with under the Issue Mandate or repurchased under the Repurchase Mandate (as the case may be) as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same.

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

Subject to the passing of the ordinary resolutions to grant the Issue Mandate and the Repurchase Mandate, an ordinary resolution numbered 7 will be proposed at the Annual General Meeting to extend the Issue Mandate by including the number of Shares repurchased under the Repurchase Mandate.

RE-ELECTION OF RETIRING DIRECTORS

In accordance with articles 108 and 112 of the Articles of Association, Mr. Cheung Hon Chuen, Mr. Mei Zuoting, Mr. Lin Lie, Dr. Liu Eping and Mr. Chen Tusheng shall retire from office as Directors and being eligible, have offered themselves for re-election as Directors at the Annual General Meeting.

Procedure and Process for Nomination of INEDs

The Nomination Committee will recommend to the Board for the appointment of an INED in accordance with the following procedures and processes:

- i. The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;
- ii. The Nomination Committee may consult any source it considers appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from a third party agency firm and proposals from the Shareholders with due consideration given to the criteria which include but are not limited to:
 - (a) diversity in the aspects, amongst others, of gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;
 - (b) commitment for responsibilities of the Board in respect of available time and relevant interest;

LETTER FROM THE BOARD

- (c) qualifications, including accomplishment and experience in the relevant industries in which the Group's business is involved;
 - (d) independence;
 - (e) reputation for integrity;
 - (f) potential contributions that the individual can bring to the Board; and
 - (g) plan(s) in place for the orderly succession of the Board.
- iii. The Nomination Committee may adopt any process it considers appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third party reference checks;
- iv. Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;
- v. The Nomination Committee will provide the relevant information of the selected candidate to the Remuneration Committee for consideration of the remuneration package of such selected candidate;
- vi. The Nomination Committee will thereafter make recommendation to the Board in relation to the proposed appointment, and the Remuneration Committee will make recommendation to the Board on the policy and structure for the remuneration;
- vii. The Board may arrange for the selected candidate to be interviewed by the members of the Board who are not members of the Nomination Committee and the Board will thereafter deliberate and decide the appointment as the case may be; and
- viii. All appointment of INEDs will be confirmed by the filing of the consent to act as Director of the relevant INED (or any other similar filings requiring the relevant INED to acknowledge or accept the appointment as Director, as the case may be) to be filed with the relevant regulatory authorities, if required.

LETTER FROM THE BOARD

Recommendation of the Nomination Committee

The Nomination Committee had assessed and reviewed the annual written confirmation of independence of each of the INEDs for the year ended 31 December 2019 based on the independence criteria as set out in Rule 3.13 of the Listing Rules and confirmed that all of them remain independent. In addition, the Nomination Committee had evaluated the performance of each of the retiring Directors for the year ended 31 December 2019 and found their performance satisfactory. Therefore, the Nomination Committee nominated the retiring Directors to the Board for it to propose to the Shareholders for re-election at the AGM.

Accordingly, with the recommendation of the Nomination Committee, the Board has proposed that all the retiring Directors, namely Mr. Cheung Hon Chuen, Mr. Mei Zuoting, Mr. Lin Lie, Dr. Liu Eping and Mr. Chen Tusheng stand for re-election as Directors at the AGM.

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

PROPOSED DECLARATION OF FINAL DIVIDEND

As disclosed in the announcement of the Company dated 20 March 2020, the Board recommended the payment of Final Dividend for the year ended 31 December 2019 to the Shareholders subject to the approval of the Shareholders at the AGM. The proposed Final Dividend is expected to be paid in cash to the Shareholders on or about 26 June 2020.

CLOSURE OF REGISTER OF MEMBERS

(i) To attend and vote at the AGM

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Thursday, 21 May 2020 to Tuesday, 26 May 2020, both days inclusive, during which period no transfer of Shares can be registered. In order to be eligible to attend and vote at the Annual 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 20 May 2020.

LETTER FROM THE BOARD

(ii) To qualify for the proposed Final Dividend

For the purpose of ascertaining the Shareholders' entitlement to the proposed Final Dividend, the register of members of the Company will be closed from Wednesday, 10 June 2020 to Friday, 12 June 2020, both days inclusive. In order to qualify for the proposed Final Dividend, 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 Level 54, Hopewell Centre, 183 Queen Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 9 June 2020.

NOTICE OF ANNUAL GENERAL MEETING

Set out on pages 18 to 23 of this circular is the notice of Annual General Meeting at which, inter alia, ordinary resolutions will be proposed to the Shareholders to consider and approve (i) the granting of the Issue Mandate to the Directors; (ii) the granting of the Repurchase Mandate to the Directors; (iii) the re-election of the retiring Directors; and (iv) declaration of Final Dividend.

FORM OF PROXY

A form of proxy for use at the Annual General Meeting is enclosed. Such 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. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete the form of proxy and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not later than 10:00 a.m. on Sunday, 24 May 2020 (being not less than 48 hours before the time of the Annual General Meeting) or any adjournment thereof (as the case may be). Completion and delivery of the form of proxy will not preclude the Shareholders from attending and voting in person at the Annual General Meeting if they so wish.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules and article 72 of the Articles of Association, any vote of shareholders at a general meeting must be taken by poll except where the chairman of the annual 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, each of the resolutions set out in the notice of Annual General Meeting will be taken by way of poll.

On a poll, every Shareholder present in person or by proxy or (being a corporation) by its duly authorised representative shall have one vote for each Share registered in his/her/its name in the register. A Shareholder entitled to more than one vote needs not use all his/ her/its votes or cast all the votes he/she/it uses in the same way.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

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

RECOMMENDATION

The Directors consider that the proposed resolutions for the granting to the Directors the Issue Mandate to issue Shares, the Repurchase Mandate to repurchase Shares, the re-election of the retiring Directors and proposed declaration of Final Dividend are in the best interests of the Group and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of all the resolutions to be proposed at the Annual General Meeting.

Yours faithfully
By order of the Board
Xinji Shaxi Group Co., Ltd
信基沙溪集团股份有限公司
Cheung Hon Chuen
Chairman

The following are the particulars of the Directors proposed to be re-elected at the Annual General Meeting and which are required to be disclosed under the Listing Rules.

Executive Directors

Mr. Cheung Hon Chuen (張漢泉)

Mr. Cheung, aged 54, is an executive Director since 2018. He is also the chairman of the Board and the chief executive officer of our Group. He is primarily responsible for formulating strategic direction and overseeing the management and business operation of our Group. He is one of the founders of our Group, one of our Controlling Shareholders, and the president of each of our operating subsidiaries in the PRC since their respective date of incorporation. Mr. Cheung is the industry leader and industry development vane for China hospitality supplies industry. In 2006, he established the Guangdong Hotel Supplies Industry Association* (廣東省酒店用品行業協會) and was the chairman of the association from 2006 to 2013. He further established the China Hotel Supplies Association (中國酒店用品協會) (the “CHSA”) in 2013 and has been the chairman of CHSA since then. CHSA is a national industrial association of companies in hospitality supplies industry authorised by the Ministry of Civil Affairs of the PRC (中華人民共和國民政部). Currently, it has over 2,000 members in China.

Mr. Cheung obtained a Master of Business Administration for Senior Management degree from Sun Yat-sen University in the PRC in 2013.

Under article 108 of the Articles of Association, Mr. Cheung is subject to retirement by rotation and re-election at the AGM. The Director’s emoluments of Mr. Cheung for the year ended 31 December 2019 amounted to RMB768,000.

His Director’s emoluments are to be determined by the Board after the recommendation from the Remuneration Committee by reference to his time commitment and responsibilities, the Company’s performance and the prevailing market conditions.

As at the Latest Practicable Date, Mr. Cheung is deemed to have an interest in 782,910,000 Shares, representing approximately 52.2% of the issued share capital of the Company, within the meaning of Part XV of the SFO. Pursuant to the concert parties agreement dated 28 December 2018 (“CP Agreement”) entered into between Mr. Cheung, Mr. Mei Zuoting and Mr. Zhang Weixin, they confirmed they are acting in concert to consolidate their control over the Group through Honchuen Investment Limited, Zuoting Investment Limited and Weixin Development Overseas Limited.

Save as the above disclosure, Mr. Cheung (i) does not have any other interest in the Shares within the meaning of Part XV of the SFO; (ii) does not hold any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; and (iii) does not have any other relationship with any Directors, senior management, substantial Shareholders or Controlling Shareholders of the Company.

Save as disclosed above, there is no information concerning Mr. Cheung is required to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders in respect of the proposed re-election of the Director.

Mr. Mei Zuoting (梅佐挺)

Mr. Mei, aged 65, is an executive Director since 2019. He is primarily responsible for overseeing the management and business operation of our Group. He is one of the founders of our Group and one of our Controlling Shareholders.

Mr. Mei has served in several organisations in the PRC, including the positions being set forth in the following table:

Year	Name of Organisation	Position
2004	Chamber of Commerce of Members directly under the Guangdong Federation of Industry and Commerce* (廣東省工商聯直屬會員商會) and Guangdong Investment Chamber of Commerce* (廣東省工商聯投資商會)	Vice president of the 3rd council
2008	Guangdong Investment Chamber of Commerce of Private Enterprises* (廣東省民營企業投資商會) and Chamber of Commerce of Members directly under the Guangdong Federation of Industry and Commerce* (廣東省工商聯直屬會員商會)	Vice president of the 2nd council and vice president of 5th council
2012	United Chamber of Commerce (Main Chamber) in Guangdong* (廣東省工商業聯合會(總商會))	Committee member of the 11th Committee

Mr. Mei obtained a diploma of Master of Business Administration (long distance course) from University of Northern Virginia (non-accredited) in the United States in 2009.

Under article 108 of the Articles of Association, Mr. Mei is subject to retirement by rotation and re-election at the AGM. The Director's emoluments of Mr. Mei for the year ended 31 December 2019 amounted to RMB531,000.

His Director's emoluments are to be determined by the Board after the recommendation from the Remuneration Committee by reference to his time commitment and responsibilities, the Company's performance and the prevailing market conditions.

As at the Latest Practicable Date, Mr. Mei is deemed to have an interest in 782,910,000 Shares, representing approximately 52.2% of the issued share capital of the Company, within the meaning of Part XV of the SFO. Pursuant to the CP Agreement entered into between Mr. Mei, Mr. Cheung Hon Chuen and Mr. Zhang Weixin, they confirmed they are acting in concert to consolidate their control over the Group through Zuoting Investment Limited, Honchuen Investment Limited and Weixin Development Overseas Limited.

Other than the above disclosure, Mr. Mei (i) does not have any other interest in the Shares within the meaning of Part XV of the SFO; (ii) does not hold any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; and (iii) does not have any other relationship with any Directors, senior management, substantial Shareholders or Controlling Shareholders of the Company.

Save as the above disclosure, there is no information concerning Mr. Mei is required to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders in respect of the proposed re-election of the Director.

Mr. Lin Lie (林烈)

Mr. Lin, aged 25, is appointed as a non-executive Director on 1 March 2020. He is primarily responsible for formulating strategic direction and development plan of our Group. He has solid experience in global investment management. Since 2017, Mr. Lin has been the president of Lion Rock Capital Management Limited, a company which he founded and licensed by the Securities and Futures Commission of Hong Kong to carry out type 9 (asset management) regulated activities, and the executive director of Avant Investment (HK) Limited, a global investment management company. He was the non-executive director of China Ocean Industry Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 00651), from 2018 to 2019. Mr. Lin obtained his bachelor's degree in finance from the University of San Francisco in 2016.

There is a letter of appointment between the Company and Mr. Lin for a term of three years and he is subject to retirement by rotation and re-election at the AGM in accordance with the Articles. The Director's emoluments of Mr. Lin has been revised from RMB50,000 to HK\$80,000 per annum with effect from the date of his appointment. His Director's emoluments are to be determined by the Board after recommendation from the Remuneration Committee by reference to his time commitment and responsibilities, the Company's performance and the prevailing market conditions.

Other than the above disclosure, Mr. Lin (i) does not have any interest in the Shares within the meaning of Part XV of the SFO; (ii) does not hold any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; and (iii) does not have any other relationship with any Directors, senior management, substantial Shareholders or Controlling Shareholders of the Company.

Save as the above disclosure, there is no information concerning Mr. Lin is required to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders in respect of the proposed re-election of the Director.

Dr. Liu Eping (劉娥平)

Dr Liu, aged 57, is an independent non-executive Director since 2019. She is primarily responsible for supervising and providing independent judgment to the Board. She is also the chairman of our audit committee and Remuneration Committee, and a member of the Nomination Committee. Dr. Liu has approximately 33 years of experience in finance and accounting. She joined Sun Yat-sen University in the PRC since 1986 and is currently the executive of financial investment centre and the professor of the Management School. She is mainly responsible for teaching courses relating to corporate finance management and assessment of investment projects and directing graduate students in finance, investment management and accounting.

From 2011 to 2017, Dr. Liu was the independent director and the head of the audit committee of Shenzhen Kaizhong Precision Technology Company Limited* (深圳市凱中精密技術股份有限公司), a technology company principally engaged in research and development, manufacturing and the sales of core precision components, whose shares are listed on the Shenzhen Stock Exchange (stock code: 002823) and was mainly responsible for attending directors' meetings to monitor the development and business of the company and reviewing financial reports and internal control system of the company. Since 2017, she has been the independent director and the head of audit committee of Guangdong Tiantu Logistics Company Limited* (廣東天圖物流股份有限公司), a company offering logistics and warehousing services, whose shares are traded on the National Equities Exchange and Quotations Co., Ltd. (stock code: 835106) and was mainly responsible for giving independent opinion to the board of the company. In addition, Dr. Liu is currently the independent director of Guangdong Meiyan Jixiang Hydropower Co., Ltd.* (廣東梅雁吉祥水電股份有限公司), a company principally engaged in the provision of hydroelectricity, whose shares are traded on the Shanghai Stock Exchange (stock code: 600868). She is also the independent director of Alpha Group Co., Ltd.* (奧飛娛樂股份有限公司), a company principally engaged in the animation and comic culture industry in the PRC, whose shares are traded on the Shenzhen Stock Exchange (stock code: 002292).

Dr. Liu obtained a Master of Economics degree from Sun Yat-sen University in the PRC in 1988, and a Doctorate Degree in Corporate Management degree from Sun Yatsen University in the PRC in 2004. In addition, Dr. Liu obtained the qualification of being an independent director after attending training organised by the Shanghai Stock Exchange in 2009.

There is a letter of appointment between the Company and Dr. Liu for a term of three years and she is subject to retirement by rotation and re-election at the AGM in accordance with the Articles. The Director's emoluments of Dr. Liu are fixed at RMB80,000 per annum. Her Director's emoluments are to be determined by the Board after recommendation from the Remuneration Committee by reference to her time commitment and responsibilities, the Company's performance and the prevailing market conditions.

Other than the above disclosure, Dr. Liu (i) does not have any interest in the Shares within the meaning of Part XV of the SFO; (ii) does not hold any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; and (iii) does not have any other relationship with any Directors, senior management, substantial Shareholders or Controlling Shareholders of the Company.

Save as the above disclosure, there is no information concerning Dr. Liu is required to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders in respect of the proposed re-election of the Director.

Mr. Chen Tusheng (陳士勝)

Mr. Chen, aged 46, is an independent non-executive Director since 2019. He is primarily responsible for supervising and providing independent judgment to the Board. He is also a member of the Remuneration Committee and the Nomination Committee. Mr. Chen has approximately 15 years of experience in the legal industry.

Mr. Chen obtained a Bachelor of Laws degree major in Economic Law from China University of Political Science and Law in the PRC in 1997. In addition, he is currently a qualified lawyer in the PRC.

There is a letter of appointment between the Company and Mr. Chen for a term of three years and he is subject to retirement by rotation and re-election at the AGM in accordance with the Articles. The Director's emoluments of Mr. Chen are fixed at RMB80,000 per annum. His Director's emoluments are to be determined by the Board after recommendation from the Remuneration Committee by reference to his time commitment and responsibilities, the Company's performance and the prevailing market conditions.

Other than the above disclosure, Mr. Chen (i) does not have any interest in the Shares within the meaning of Part XV of the SFO; (ii) does not hold any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; and (iii) does not have any other relationship with any Directors, senior management, substantial Shareholders or Controlling Shareholders of the Company.

Save as the above disclosure, there is no information concerning Mr. Chen is required to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders in respect of the proposed re-election of the Director.

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

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,500,000,000 Shares. Subject to the passing of the resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased after the Latest Practicable Date up to the date of the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 150,000,000 Shares, which represent 10 per cent of the number of issued Shares as at the date of the Annual General Meeting, during the period ending on the earliest of (i) the conclusion of the next annual general meeting of the Company following the Annual General Meeting; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; or (iii) the date upon which such authority is revoked or varied by the ordinary resolutions passed by the Shareholders in general meeting prior to the next annual general meeting of the Company.

REASONS FOR REPURCHASES

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

FUNDING OF REPURCHASES

Repurchases of Shares will be financed out of funds legally available for the purpose and in accordance with the Articles of Association and the Cayman Companies Law. The Cayman Companies Law provides that the amount of capital repaid in connection with a share repurchase may be paid out of either the profits of the Company or the proceeds of a fresh issue of Shares made for the purposes of the repurchase or out of capital (including share premium account and capital redemption reserve) if the Company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business.

IMPACT OF REPURCHASES

There might be a material adverse impact on the working capital and/or gearing position of the Company (as compared with the position disclosed in the consolidated financial position of the Company as at 31 December 2019, being the date of the latest published audited financial statements of the Company) if the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

DIRECTORS, THEIR CLOSE ASSOCIATES AND CORE CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their respective close associates, has any present intention to sell any Shares to the Company under the Repurchase Mandate in the event that the Repurchase Mandate is approved by the Shareholders.

No core connected person (as defined under the Listing Rules) of the Company has notified the Company that he or she has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If the Repurchase Mandate is exercised in full, the aggregate shareholding of Honchuen Investment Limited, Zuoting Investment Limited and Weixin Development Overseas Limited, which are wholly-owned by Mr. Cheung Hon Chuen, Mr. Mei Zuoting and Mr. Zhang Weixin, respectively, would be increased from approximately 52.2% to 58.0% of the issued share capital of the Company, based upon their shareholdings as at the Latest Practicable Date.

The Directors are not aware of any consequences which may give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code and/or result in the aggregate number of Shares held by the public Shareholders falling below the prescribed minimum percentage of 25% required by the Stock Exchange.

SHARE REPURCHASE MADE BY THE COMPANY

Since the Listing Date and up to the Latest Practicable Date, the Company has not repurchased any of its Shares (whether on the Stock Exchange or otherwise).

UNDERTAKING

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

SHARE PRICES

The highest and lowest traded prices for Shares recorded on the Stock Exchange during each of the calendar months since the Listing Date and immediately preceding the Latest Practicable Date were as follows:

	Price per Share	
	Highest	Lowest
	traded prices	traded prices
	<i>HK\$</i>	<i>HK\$</i>
2019		
November	3.39	1.11
December	3.50	2.02
2020		
January	3.35	2.94
February	3.23	2.94
March	3.09	2.78
April (up to and including the Latest Practicable Date)	3.02	2.92

NOTICE OF ANNUAL GENERAL MEETING



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 IS HEREBY GIVEN THAT the annual general meeting of Xinji Shaxi Group Co., Ltd (the “**Company**”) will be held at the Conference Room, 2nd Floor, Xinjicheng Club, No. 250, Intersection of Nanda Road, Panyu District, Guangzhou, PRC on Tuesday, 26 May 2020 at 10:00 a.m. to pass the following ordinary resolutions:

1. To receive, consider and adopt the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and the independent auditor of the Company for the year ended 31 December 2019.
2. To approve and declare a final dividend of RMB0.013 per ordinary share in the issued share capital of the Company for the year ended 31 December 2019.
3.
 - (a) To re-elect Mr. Cheung Hon Chuen as an executive director of the Company;
 - (b) To re-elect Mr. Mei Zuoting as an executive director of the Company;
 - (c) To re-elect Mr. Lin Lie as a non-executive director of the Company;
 - (d) To re-elect Dr. Liu Eping as an independent non-executive director of the Company;
 - (e) To re-elect Mr. Chen Tusheng as an independent non-executive director of the Company; and
 - (f) To authorise the board of directors of the Company to fix the remuneration of the directors of the Company.
4. To re-appoint PricewaterhouseCoopers, Certified Public Accountants, as the independent auditor of the Company until the conclusion of the next annual general meeting of the Company and authorise the Board to fix the auditor’s remuneration.

NOTICE OF ANNUAL GENERAL MEETING

To consider and, if thought fit, to pass (with or without amendments) the following resolutions as ordinary resolutions:

5. **“That:**

- (i) subject to paragraph (iii) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares in the capital of the Company or securities convertible into shares, or options, warrants or similar rights to subscribe for shares or such convertible securities of the Company and to make or grant offers, agreements and/or options (including bonds, warrants and debentures convertible into shares of the Company) which may require the exercise of such powers be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall be in addition to any other authorisation given to the directors of the Company and shall authorize the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and/or options which may require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the directors of the Company during the Relevant Period (as hereinafter defined) pursuant to paragraph (i) above, otherwise than pursuant to (1) a Rights Issue (as hereinafter defined) or (2) the grant or exercise of any option under the option scheme of the Company or any other option, scheme or similar arrangements for the time being adopted for the grant or issue to the directors, officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (3) any scrip dividend or similar arrangements providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company in force from time to time; or (4) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into shares of the Company, shall not exceed the aggregate of 20 per cent of the number of issued shares of the Company as at the date of passing this resolution and the said approval shall be limited accordingly;

NOTICE OF ANNUAL GENERAL MEETING

- (iv) for the purpose of this resolution:
 - (a) **“Relevant Period”** means the period from the passing of this resolution until whichever is the earliest of:
 - (1) the conclusion of the next annual general meeting of the Company;
 - (2) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; or
 - (3) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and
 - (b) **“Rights Issue”** means an offer of shares in the capital of the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the directors of the Company to holders of shares in the capital of the Company whose names appear on the register of members on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognised regulatory body or any stock exchange applicable to the Company).”

NOTICE OF ANNUAL GENERAL MEETING

6. “That:

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

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

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; or
- (c) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

7. “That:

conditional upon the resolutions numbered 5 and 6 set out in the notice convening this meeting being passed, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and otherwise deal with additional shares of the Company and to make or grant offers, agreements and options which might require the exercise of such powers pursuant to the ordinary resolution numbered 5 set out in the notice convening this meeting be and is hereby extended by the addition to the number of issued shares of the Company which may be allotted by the directors of the Company pursuant to such general mandate an amount representing the number of issued shares of the Company repurchased by the Company under the authority granted pursuant to ordinary resolution numbered 6 set out in the notice convening this meeting, provided that such amount shall not exceed 10 per cent of the number of issued shares of the Company as at the date of passing of the said resolutions.”

By order of the Board
Xinji Shaxi Group Co., Ltd
信基沙溪集团股份有限公司
Cheung Hon Chuen
Chairman

Guangzhou, PRC, 20 April 2020

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

Notes:

1. Any shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof.

NOTICE OF ANNUAL GENERAL MEETING

4. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the annual general meeting or any adjournment thereof, 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 the annual general meeting, the register of members of the Company will be closed from Thursday, 21 May 2020 to Tuesday, 26 May 2020, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to be eligible to attend and vote at the annual 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 20 May 2020.

As at the date of this circular, the Board comprises Mr. Cheung Hon Chuen as chairman and executive Director; Mr. Mei Zuoting, Mr. Zhang Weixin and Ms. Jin Chunyan as executive Directors; Mr. Yu Xuecong, Mr. Wu Jianxun and Mr. Lin Lie as non-executive Directors; and Dr. Liu Eping, Mr. Chen Tusheng, Mr. Tan Michael Zhen Shan and Mr. Zheng Decheng as independent non-executive Directors.