上海小南国

SHANGHAI XNG HOLDINGS LIMITED

Shanghai XNG Holdings Limited
上海小南国控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3666)

VERY SUBSTANTIAL DISPOSAL DISPOSAL OF 100% EQUITY INTEREST IN THE TARGET COMPANY

THE DISPOSAL

On 8 January 2026, the Company entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, representing the entire equity interest in the Target Company, at a total consideration of USD100,000.

The Completion is subject to the conditions as set out in the paragraph headed "Conditions Precedent" of this announcement.

Upon Completion, the Company will cease to hold any shares in the Target Company and the Target Group will cease to be subsidiaries of the Company. Accordingly, the financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Company.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company under the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among others, (i) details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) other information as required under the Listing Rules; and (iii) a notice of the EGM is expected to be despatched to the Shareholders on or before 29 January 2026 in accordance with the Listing Rules.

WARNING

Completion is subject to the satisfaction and/or waiver of the conditions precedent under the Sale and Purchase Agreement as set out in the paragraph headed "Conditions precedent" of this announcement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise cautions when dealing in the Shares and, if in any doubt, are recommended to consult their professional adviser(s).

THE DISPOSAL

The Board would like to announce that on 8 January 2026 (after trading hours of the Stock Exchange), the Company entered into the Sale and Purchase Agreement with the Purchaser pursuant to which, the Company has agreed to sell and the Purchaser has agreed to purchase, the Sale Shares, representing the entire equity interest of the Target Company at a consideration of USD100,000.

THE SALE AND PURCHASE AGREEMENT

Details of the terms and conditions of the Sale and Purchase Agreement are set out below:

Date: 8 January 2026 (after trading hours)

Parties: (1) the Company; and

(2) The Purchaser

The Purchaser is a restaurant business owner and investor in the capital markets of Hong Kong and the United States. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Assets to be disposed

Pursuant to the Sale and Purchase Agreement, the Company conditionally agreed to dispose of, and the Purchaser conditionally agreed to acquire, the Sale Shares, being the entire issued share capital of the Target Company, subject to the corporate restructuring whereby the Company shall retain the operation of two restaurant businesses under the Shanghai Min brand (located in Pu Dong New District and Jin'an District, respectively, and collectively known as "Restaurant A" and "Restaurant B"), free from all rights, benefits and entitlements attached to the Target Company and any of its subsidiaries.

As at the date of this announcement and immediately prior to Completion, the Company is the sole legal and beneficial owner of the entire issued share capital of the Target Company.

Upon Completion, the Company will cease to hold any shares in the Target Company and the Target Group will cease to be subsidiaries of the Company. Accordingly, the financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Company.

Consideration

The consideration payable by the Purchaser to the Company for the Disposal is USD100,000, which has been determined after arm's length negotiations between the Purchaser and the Company with reference to, among other things, (i) the unaudited net liabilities of the Target Group as at 31 July 2025 of approximately RMB136.8 million; (ii) the financial performance of the Target Group which recorded a net loss of approximately RMB38.0 million and RMB77.6 million for the two years ended 31 December 2024; and (iii) the prevailing market conditions comprised of economic downturn experienced by the food and beverage industry as set out under the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS" below. The consideration will be payable by the Purchaser to the Company in cash upon Completion.

With consideration that (i) the disposal of the Target Group would allow the Group to benefit from a potential gain of approximately RMB137.5 million, which is arrived based on the consideration and the unaudited net liability of the Target Group as at 31 July 2025; and (ii) the proceeds from the Disposal will allow the Company access to additional general working capital for the newly established restaurants, the Directors are of the view that the consideration is considered fair and reasonable.

Conditions precedent

Pursuant to the Sale and Purchase Agreement, the obligations of the parties to the Sale and Purchase Agreement to complete the transaction are conditional upon fulfillment, waiver or release (if applicable), among others, of the following conditions:

(i) The Purchaser having been reasonably satisfied with the results of the due diligence review to be conducted on the Target Group;

(ii) The corporate restructuring having completed whereby the Company having retained the operation of two restaurant businesses under the Shanghai Min brand (located in Pu Dong New District and Jin'an District, respectively), free from all rights, benefits and entitlements attached to the Target Company and any of its subsidiaries, including the successful entering into of new lease agreements for both Restaurant A and Restaurant B, as well as the extension of the lease term for Restaurant A;

(iii) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;

(iv) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;

(v) the representations and warranties given by the Company under the Sale and Purchase Agreement remaining true and accurate and not misleading in all material respects at Completion;

(vi) the representations and warranties given by the Purchaser under the Sale and Purchase Agreement remaining true and accurate and not misleading in all material respects at Completion; and

(vii) compliance by the Company of all requirements under the Listing Rules in respect of the transactions contemplated in the Sale and Purchase Agreement.

Save for conditions (iii) and (v) above which may at any time be waived by either the Purchaser in writing, and conditions (iv) and (vi) above which may at any time be waived by the Company in writing, none of the above conditions precedent are capable of being waived by the parties to the Sale and Purchase Agreement.

If any of the above conditions is not fulfilled (or waived, as the case may be) on or before 31 March 2026 (or such later date as may be agreed between the Company and the Purchaser), the Sale and Purchase Agreement shall cease and determine and none of the parties thereto shall have any liabilities and obligations against the other party thereunder save for any antecedent breaches of the terms thereof.

Completion

Subject to the fulfillment or waiver (where applicable) of conditions precedent, the Completion shall take place at 5:00 p.m. on the Completion Date (or on such other time and/or day as the parties to the Sale and Purchase Agreement may agree).

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial information of the Target Company will cease to be consolidated into the consolidated financial statements of the Group.

INFORMATION ON THE PURCHASER

The Purchaser is a restaurant business owner and investor in the capital markets of Hong Kong and the US. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is an Independent Third Party.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the British Virgin Islands with limited liability. As at the date of this announcement, the Target Company is wholly and beneficially owned by the Company. The Target Group is principally engaged in the restaurant operations and takeaway business of restaurants under the brand of Shanghai Xiao Nan Guo.

The Target Group is mainly comprised of 4 operating subsidiaries operating in Shanghai under the brand name of Shanghai Xiao Nan Guo.

Set out below is the financial information of the Target Group based on its unaudited management accounts:

	For the year ended 31 December 2023 (unaudited) *RMB'000*	For the year ended 31 December 2024 (unaudited) *RMB'000*	For the six months ended 30 June 2025 (unaudited) *RMB'000*
Revenue	325,332	236,014	87,152
Profit/(loss) before taxation	(37,998)	(77,554)	(13,442)
Profit/(loss) after taxation	(37,998)	(77,554)	(13,442)

Based on the unaudited financial statements of the Target Company for the year ended 31 December 2023, the revenue and net loss of the Target Group contributes to approximately 72.2% and approximately 80.6% of the respective total revenue and net loss of the Company for the respective period. As at 31 December 2023, the total asset of the Target Company contributes to approximately 75.1% of the respective total asset of the Company.

Based on the unaudited financial statements of the Target Company the year ended 31 December 2024, the revenue and net loss of the Target Group contributes to approximately 75.2% and approximately 91.2% of the respective total revenue and net loss of the Company for the respective period. As at 31 December 2024, the total asset of the Target Company contributes to approximately 72.4% of the respective total asset of the Company.

Based on the unaudited financial statements of the Target Company for the six months ended 30 June 2025, the revenue and net loss of the Target Group contributes to approximately 85.6% and approximately 73.5% of the respective total revenue and net loss of the Company's operation for the respective period. As at 30 June 2025, the total asset of the Target Company contributes to approximately 63.4% of the respective total asset of the Company.

Based on the unaudited financial statements of the Target Company, the total asset of the Target Group as at 31 July 2025 amounted to approximately RMB85.1 million, which is primarily comprised of (i) rights-of-use asset for the restaurant spaces leased by the Target Group; (ii) plant and equipment used in the operation of its restaurants; and (iii) cash and cash equivalents reserved for the operations of the restaurants. The net liabilities of the Target Company as at 31 July 2025 amounted to approximately RMB136.8 million.

INFORMATION ON THE RETAINED RESTAURANT BUSINESSES

Restaurant A is currently operated under the operating subsidiary 上海浦東小南國餐飲有限公司, and Restaurant B by 上海閘北小南國餐飲管理有限公司, both wholly-owned subsidiaries of the Company. Each subsidiary holds only the operations of its respective restaurant.

The table below sets out the audited financial information of the two existing restaurants for the two financial years ended 31 December 2023 and 2024, and the unaudited financial information for the six months ended 30 June 2025 (all figures denominated in RMB):

	Restaurant A	**Restaurant B**
For the year ended 31 December 2023		
Revenue	38,110,679	12,571,495
Gross Profit	24,709,430	7,913,203
Net Profit/Loss	8,383,275	432,384
For the year ended 31 December 2024		
Revenue	30,705,709	13,157,169
Gross Profit	19,629,717	8,146,808
Net Profit/Loss	2,103,757	511,274
For the six months ended 30 June 2025		
Revenue	13,647,450	6,000,902
Gross Profit	9,169,507	3,258,909
Net Profit/Loss	1,713,168	(355,036)

The following tables set out the net liabilities position of the respective operating subsidiaries of the Company under which Restaurant A and Restaurant B are operated (each subsidiary holding only the operations of one restaurant, with no other restaurant operations), as at 31 December 2023, 31 December 2024 and 30 June 2025:

	Net liabilities (in RMB)		
	As at 31 December 2023	**As at 31 December 2024**	**As at 30 June 2025**
Operating subsidiary of Restaurant A	(12,767,810)	(12,055,234)	(8,855,237)
Operating subsidiary of Restaurant B	(17,688,359)	(14,171,413)	(7,510,322)

THE DEED OF ASSIGNMENT

Date: 8 January 2026

Parties: The Company; and

The Target Company

As at the date of this announcement, the Target Company is an indirect wholly-owned subsidiary of the Company incorporated under the laws of the British Virgin Islands with limited liability.

Subject Matter

Pursuant to the corporate restructuring, the Company and the Target Group has entered into a deed of assignment on 8 January 2026, being the date of the Sale and Purchase Agreement. Details of the terms and conditions of the deed of assignment are set out as below:

(i) The Target Group shall surrender and assign all existing rights attached to the business operation of Restaurant A and Restaurant B exclusively to the Company or its nominated subsidiary (excluding the Target Company and any of its subsidiaries), which shall comprise of the right to occupy, use and operate business in the current premises, the right to access existing equipment and fixtures attached to the premises in relation to restaurant operation, and the right to enter into any future agreements in the name of Restaurant A and Restaurant B;

(ii) The Target Group shall surrender and assign all existing benefits and entitlements attached to the business operation of Restaurant A and Restaurant B exclusively to the Company or its nominated subsidiary (other than the Target Company and any of its subsidiaries), which shall comprise of all existing and future profits and advantages directly or indirectly arising from Restaurant A and Restaurant B; and

(iii) The Target Group shall procure the assignment and allocation of all underlying asset including equipment and fixtures for the continued operations of Restaurant A and Restaurant B to be made available for use by the Company or its nominated subsidiary. This allocation will be made by way of lease assignment between the Target Group, the Company and the lessor whereby detailing all equipment which shall be assigned to the Company or its nominated subsidiary at the time of executing the new lease agreements.

Conditions Precedent

The completion of the assignment is conditional upon:

(i) all necessary consents and approvals (including but not limited to the approvals from the respective board of directors of each the Company and the Target Company) on the part of the Company and the Target Company in respect of the assignment having been obtained; and

(ii) the successful entering into of new lease agreements by the Company or its nominated subsidiary for both Restaurant A and Restaurant B.

As the deed would only give effect to the assignment of the rights in the operation of the restaurant businesses, all underlying assets (other than property, plant and equipment) will remain attached to the subsidiaries themselves. All equipment and fixtures attached to the restaurant premises will be impaired in effect of the surrendering to the lessors forming part of the respective premises to be leased pursuant to the new lease agreements. Any equipment and fixtures shall thereby remain attached to the restaurant premises and made accessible by the lessors to the Company, being the successive lessee to the properties, as right-of-use attached to the respective premises pursuant to the new lease agreements. The Company may choose to renovate or replace any fixtures should it be deemed necessary for the rebranding process for the two retained restaurants. All underlying liabilities owed by Restaurant A and Restaurant B shall remain attached to and borne by their respective operating subsidiaries upon completion of the corporate restructuring.

Pursuant to the conditions set out in the Sale and Purchase Agreement, the Company and the Purchaser have considered, among other things, the corporate restructuring whereby the Company would retain the operating subsidiaries themselves. However, with consideration of the capital gain tax implications that may incur substantial cost to the transaction as a whole by transferring the two operating subsidiaries from one holding company to another, the Directors are of the view that the unnecessary cost would not be in the interest of either party to the Sale and Purchase Agreement. In order to avoid any unnecessary tax implications, the Directors are of the view that it would be in the interest of the Company should it retain the two restaurant businesses by assignment from the Target Company without the need of transferring the entities as to which they are operated from.

The business operations of the two restaurants will be transferred through a deed of assignment entered into between the Company and the Target Company concurrent with the Sale and Purchase Agreement. The completion of the deed of assignment will take effect within 5 business days following satisfaction of all conditions precedent to the completion pursuant to the deed of assignment, whereby the Target Company shall surrender all rights to occupy the premises and conduct businesses of Restaurant A and Restaurant B, assigning those operation rights exclusively to the Company or its nominated subsidiary (excluding the Target Company and any of its subsidiaries). The lease for Restaurant A expires in March 2026 and the lease for Restaurant B expires in August 2030, both of which the Target Group will terminate early where applicable, while the Company will enter into new direct lease agreements with the respective lessors to take over the remaining lease, which include terms, among others, the extension of the pre-existing lease. The Company is currently in negotiation with the respective lessors in relation to the aforementioned assignment and extension of the pre-existing lease. The Company have not received any disagreement from the respective lessors in relation to the assignment and extension of the respective lease agreements, and have tentatively agreed to enter into new lease agreements in January 2026.

Concurrent to the corporate restructuring, the Company shall retain all existing directors, senior management and approximately 60 employees by entering into new employment contracts across the two restaurants on the same terms and whereby giving immediate effect to the early termination of the pre-existing employment contracts with the Target Company. Should any employee chooses not to enter into the new employment contracts, the respective employee shall be retained by the Target Company. There will be no compensation or penalty to be incurred by the Company and the Target Company should any employee chooses not to enter into the new employment contracts.

The Directors are of the view that should any employee chooses to resign, the Company would be able to employ new staff on substantially the same terms and would affect no material changes to the operation of the respective restaurants. As at the date of the Sale and Purchase Agreement, the Company has not received any indication on resignation from any employee of the respective restaurants.

The corporate restructuring, including finalisation of all necessary agreements, is expected to be completed before the end of January 2026.

As a result of the corporate restructuring, the Group is not expected to recognize any financial impact other than those which would be accounted for as part of the disposal of the Target Group. The Group will not retain any underlying assets or liabilities attached to the two operating subsidiaries as a result of the corporate restructuring. The Group shall in effect be entitled to all future revenue and profits from the continuing business operations of the two retained restaurants upon completion of the corporate restructuring.

The completion of the Disposal will be strictly conditional to the Company having retained the two restaurant businesses, including the entering into of new lease agreements for the operation of Restaurant A and Restaurant B. Pursuant to current negotiations between the Company and the respective lessors, the Company have currently reached an agreement in relation to the extension of the lease for Restaurant A by an additional 3 years following the expiry of the current term at the end of March 2026, and the entering into of a new lease for Restaurant B covering the remaining term up to the end of August 2030. In view of the above, the Directors consider that there will be no costs, consequences or penalties arising from the early termination of the existing lease agreements. The actual terms to the new leases will be subject to the final agreements made between the Company and the respective lessors.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The Group is an investment company principally engaged in the operation of chain restaurants in the PRC and Hong Kong.

The catering industry is currently facing intense market competition. Consumers are not only pursuing delicious food but are also placing greater emphasis on a new dining environment and a younger cultural identity. While the branding of Shanghai Xiao Nan Guo had always centered its focus on large-scale banquets and business gatherings, market demand are changing dramatically with consumers focusing their expectations on sources of ingredients, cooking methods, and nutritional balance. Additionally, in an economically challenging environment, consumers are becoming increasingly cost conscious, seeking for more cost-effective dining experiences.

In response to these challenges and pursuant to ongoing strategies, the Group proposes to minimize the use of the brand Shanghai Xiao Nan Guo which fails to attract trendier consumers, and commence a rebranding by establishing new restaurants with lower overhead costs and would more effectively cater to locations with trendier customer base with higher spending power.

Taking into consideration that (i) the Target Group recorded a net loss position after intra-group adjustments of approximately RMB77.6 million for the year ended 31 December 2024 and approximately RMB17.9 million for the seven months ended 31 July 2025; (ii) the continuous operation by the Target Group resulted in its net liabilities position of RMB136.8 million as at 31 July 2025 with liabilities comprised of high ingredient cost and staff cost associated with Shanghai Xiao Nan Guo branding; and (iii) the unnecessary financial pressure should the Target Group require financial assistance from the Group should the Group insist to continue its restaurant operations under the brand of Shanghai Xiao Nan Guo, the Directors believe resources would be more effectively used in the rebranding of new restaurants which could perform on a more cost effective scale, attract a trendier customer base and generate better return to the Shareholders and in line with the Company’s future development plan.

Excluding the restaurant businesses to be disposed under the Target Group, pursuant to the terms of the Sale and Purchase Agreement, the Group will retain operation of two existing restaurants having recorded a revenue and net profit of approximately RMB19.6 million and RMB1.3 million respectively for the six months ended 30 June 2025.

As disclosed in the Company's interim report for the six months ended 30 June 2025, the Company operated 15 restaurants under the "Shanghai Min" brand and 1 restaurant under "The Dining Room" brand as at 30 June 2025, totalling 16 restaurants. Subsequent to 30 June 2025 and prior to the date of this announcement, the Company permanently closed the one "The Dining Room" restaurant and five "Shanghai Min" restaurants as part of its ongoing portfolio restructuring efforts. These closures were undertaken to improve overall operational efficiency and align resources with the Group's rebranding and restructuring strategy. Accordingly, immediately prior to the proposed Disposal, the Target Company operated 10 restaurants under the Shanghai Min brand. Upon completion of the Disposal and the related retention arrangements, the Company will operate two restaurants retained from the Target Company. The table below summarises the portfolio before and after the Disposal (excluding the three new restaurants):

Before Disposal

	Store	Brand	Size (m^2)	Location
1	Restaurant A	Shanghai Min	1,216	Pudong New District
2	Restaurant B	Shanghai Min	598	Jing'an District
3	Restaurant 1	Shanghai Min	503	Minhang District
4	Restaurant 2	Shanghai Min	482	Changning District
5	Restaurant 3	Shanghai Min	404	Hongkou District
6	Restaurant 4	Shanghai Min	1,315	Oriental Hotel, Pudong New District
7	Restaurant 5	Shanghai Min	2,110	Pudong New District
8	Restaurant 6	Shanghai Min	1,877	Xuhui District
9	Restaurant 7	Shanghai Min	1,893	Pudong New District
10	Restaurant 8	Shanghai Min	531	Jing'an District

Total number of restaurants operated: 10

After Disposal

	Store	Brand	Size	Location
1	Restaurant A	Shanghai Min	1,216	Pudong New District
2	Restaurant B	Shanghai Min	598	Jing'an District

Total number of restaurants operated: 2

The Group is projected to launch not more than 10 new restaurants by 30 June 2026 strategically categorized in two segments: (i) the brand name "Maison De L'hui" catering to consumers with high spending power; and (ii) the newly established brand name "Ching Ching *" catering to cost-effective consumers. As at the date of this announcement, three new restaurants under the "Ching Ching" brand and "Maison De L'hui" brand have commenced operation. The Group is currently locating additional restaurant spaces around financial districts of Shanghai in line with its expansion plan. The Directors believe that the positioning of the restaurant operation under the brand of Shanghai Xiao Nan Guo has induced unnecessary financial pressure in attempt to package its offering to the widest range of consumers and resulting in the over-budgeting in ingredient cost and staff cost. The Directors anticipate that the establishing of these two remaining segments specifically catering to high-budgeted and low-budgeted needs would allow the Group to better capture consumer preferences at a lower overhead cost.

The expected capital requirement for launching the three new restaurants and restaurants to be established by 30 June 2026 are estimated to range be approximately RMB4.6 million and will be financed by the Group's internal funding and the proceed from the Disposal. The Company intends to use the proceeds from the Disposal for the general working capital of the newly established restaurants.

The following table illustrates the financial performance of the two new restaurants that had commenced operations by 30 November 2025, covering actual results for the period from 1 August to 30 November 2025.

	Restaurant C	**Restaurant D**	**Restaurant E**
Commencement date	14 August 2025	15 December 2025	11 November 2025
Location	Putuo District, Shanghai, China.	Hongkou District, Shanghai, China.	Jing'an District, Shanghai, China.
Brand Name	Ching Ching	Maison De L'hui	Ching Ching
Seating Capacity (No. of guests)	76	78	79
Revenue *(RMB)*	1,170,000	Not Applicable	340,000

The two retained existing restaurants will be progressively rebranded to align fully with the new contemporary, youthful positioning. Management has selected a vibrant, younger-oriented brand name "Ching Ching" which will replace the legacy branding at both locations. This new identity is designed to appeal to trendy, value-driven consumers while shifting the positioning away from traditional banquet– and premium business-focused offerings toward lighter, more approachable dining suitable for light-business occasions, tourists and young families. The rebranding will involve a full menu redesign with adjusted pricing and portion sizes to enhance affordability and margins, refreshed interior décor to create a brighter and more contemporary atmosphere, staff retraining on the new concept and service style, and targeted marketing campaigns timed for each reopening.

To minimise revenue disruption during the transition, the rebranding will be carried out on a staggered basis as follows:

- **Restaurant B** (598 m²): Works will commence in early January 2026, with minor renovation, menu redesign and staff training scheduled over approximately eight weeks. The restaurant is targeted to relaunch under the "Ching Ching" Shanghai cuisine concept in late February or early March 2026, shortly after Chinese New Year (17 February 2026).

- **Restaurant A** (Flagship, 1,216 m²): This larger venue will continue normal operations through the peak Chinese New Year period to maximise revenue. It will temporarily close in early March 2026 for approximately ten weeks of renovation and rebranding, with a grand reopening under the "Ching Ching" identity planned for mid-to-late May 2026.

This phased approach ensures that at least one established restaurant remains operational throughout the transition while delivering a unified and refreshed brand experience across the entire continuing portfolio by the end of the second quarter of 2026.

Having considered that (i) the operation of the two restaurant businesses to be retained have recorded a revenue and net profit of approximately RMB19.6 million and RMB1.3 million respectively for the six months ended 30 June 2025; and (ii) the newly established restaurants are either in operation or projected to commence operation by June 2026 aimed to cater at a similar capacity as the Target Group but with a lower overhead cost, the Directors are of the view that the Company will potentially turn-around from its current net loss and net liabilities position upon the completion of the Disposal.

With consideration that (i) the disposal of the Target Group would allow the Group to benefit from a potential gain of approximately RMB137.5 million, which is arrived based on the consideration and the unaudited net liability of the Target Group as at 31 July 2025; and (ii) the proceeds from the Disposal will allow the Company access to additional general working capital for the newly established restaurants, the Directors consider that the disposal, the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

All of the Directors do not have material interest in the disposal and they are not required to abstained from voting on the board resolution approving the disposal.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Target Company will cease to be a subsidiary of the Company. As such, the financial information of the Target Company will cease to be consolidated into the consolidated financial statements of the Group.

The Company is expected to record an unaudited gain on the Disposal of approximately RMB137.5 million. Such unaudited gain is estimated after taking into account of, among other things, (i) the consideration of USD100,000; and (ii) the carrying amount of the Target Group's unaudited net liabilities of approximately RMB136.8 million as at 31 July 2025. The exact amount to be recorded in the consolidated statement of profit or loss of the Company is subject to audit, and therefore may be different from the figure provided above. Shareholders and potential investors of the Company should note that the above estimation is for illustrative purpose only. The actual amount of gain on the Disposal to be recorded by the Company will depend on the financial position of the Target Company on the Completion Date, and therefore may be different from the amount mentioned above.

LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios calculated in accordance with the Listing Rules in respect of the Disposal exceed 75%, the Disposal constitutes a very substantial disposal for the Company and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among others, (i) details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) other information as required under the Listing Rules; and (iii) a notice of the EGM is expected to be despatched to the Shareholders on or before 29 January 2026 in accordance with the Listing Rules.

Completion is subject to the satisfaction and/or waiver of the conditions precedent under the Sale and Purchase Agreement as set out in the paragraph headed "Conditions precedent" of this announcement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise cautions when dealing in the Shares and, if in any doubt, are recommended to consult their professional adviser(s).

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

"associates"	has the meaning ascribed to it under the Listing Rules
"Disposal"	the disposal of the entire equity interest in the Target Company by the Company pursuant to the terms and conditions of the Sale and Purchase Agreement
"Board"	the board of Directors
"Company"	Shanghai XNG Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Stock Exchange (stock code: 3666)
"Completion Date"	Within 5 business days following satisfaction of all the conditions precedent to Completion pursuant to the Sale and Purchase Agreement, or such other date mutually agreed by the Company and the Purchaser
"Completion"	completion of the sale and purchase of the entire equity interest in the Target Company pursuant to the Sale and Purchase Agreement
"Director(s)"	the director(s) of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and its directors, chief executive, and substantial shareholders of the Company or any of its subsidiaries or their respective associates
"PRC"	the People's Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

"Purchaser"	Ms. Yam Shan Shan
"Sale and Purchase Agreement"	the Sale and Purchase Agreement dated 8 January 2025 and entered into by the Company and the Purchaser in respect of the sale and purchase of the entire equity interest in the Target Company
"Sale Shares"	the entire issued share capital of the Target Company as at the date of this announcement and immediately prior to Completion
"Shareholders"	holders of the issued Shares
"Shares"	ordinary share(s) with a nominal value of HK$0.01 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary"	same meaning as ascribed to it under the Listing Rules
"Target Company"	Xiao Nan Guo (Hong Kong) Catering Group Co., Ltd *(小南國(香港)餐飲集團有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability
"Target Group"	The Target Company and its subsidiaries
"United States" or the "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars" or "US$" or "USD"	United States dollars, the lawful currency of the United States
"%"	per cent

By Order of the Board
Shanghai XNG Holdings Limited
Gu Dorson
Chairman

Hong Kong, 8 January 2026

As at the date of this announcement, the executive Directors are Mr. GU Dorson, Mr. HE Qinghua, Ms. QIU Jiying and Mr. CUI Jinqiao; the non-executive Director is Ms. GU Lina; and the independent non-executive Directors are Ms. CHAN Sze Man, Mr. ZHANG Zhenyu and Mr. YAO Yafei.

* *For identification purposes only*