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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)

QUARTERLY UPDATE ANNOUNCEMENT

Reference is made to the annual report of Shanghai XNG Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") for the year ended 31 December 2024 published on 29 April 2025 (the "**Annual Report**") and the quarterly update announcement of the Company dated 31 July 2025 and 31 October 2025 (the "**Quarterly Update Announcements**"). Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as those defined in the Annual Report and the Quarterly Update Announcements.

As disclosed in the Annual Report, the auditor of the Company did not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2024 because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements (the "**Disclaimer of Opinion**").

This announcement aims to provide a quarterly update on the progress of the Company to address the Disclaimer of Opinion.

As disclosed in the Annual Report, the Group has taken plans and measures to mitigate its liquidity pressure and improve its financial position, including obtaining new source of borrowings, refinancing of existing facilities, seeking new source of funding from investors, extension of repayment of the outstanding lease payments, and implementing control on administrative and operating costs.

Since 29 April 2025, being the date of publication of the Annual Report, the Quarterly Update Announcements and up to the date of this announcement, the Measures disclosed in the Annual Report and their Latest Progress are summarized as follows:

Measures disclosed in the Annual Report	Latest Progress
The Company has been actively negotiating with certain banks on new source of borrowings.	The Company has submitted an application of a new loan from a commercial bank (the "**New Loan Application**") and the application is still under process by the bank.
The Company has been actively negotiating with certain banks to refinance the existing loan facilities from banks.	The discussion with the commercial bank on the renewal of an existing facilities and the subsequent refinancing by the New Loan Application at the same commercial bank is still under process by the bank.
The Company has been actively negotiating with investors on new source of funding by placing of new shares.	The Company is assessing the possibilities to conduct further equity fund raising in the first quarter of 2026.
The Company has been actively negotiating with the lessors for extension of repayment of the outstanding lease payments included in other payables and accruals and lease liabilities.	The Company has maintained communications with the lessors from time to time. There is no substantial update as at the date of this announcement.
The Company will implement effective control on administrative and operating costs to improve the Company's financial performance and position to finance the Group's operations and to meet the Group's financial obligations as and when they fall due.	The Company has maintained communications with the suppliers from time to time. There is no substantial update as at the date of this announcement. The Company will continue to streamline its operations and control operation costs. Taking into account the changing consumption trend and pattern, the Group has commenced 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. The Group is also considering adjusting part of its restaurant operations. Further announcement will be published by the Company when there is significant process on the same.

Reference is made to the Company's announcement dated 8 January 2026, in relation to, among other things, the very substantial disposal of 100% equity interest in the target company (the "**VSD Announcement**"). 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 the VSD 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. Please refer to the VSD Announcement for the details.

The Company will continue to endeavour to resolve its going concern issue during the audit for the year ended 31 December 2025.

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

Shanghai, PRC, 30 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 nonexecutive Directors are Ms. CHAN Sze Man, Mr. ZHANG Zhenyu and Mr. YAO Yafei.