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SHANGHAI XNG HOLDINGS LIMITED

Shanghai XNG Holdings Limited

上海小南国控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3666)

COMPLETION OF VERY SUBSTANTIAL DISPOSAL OF 100% EQUITY INTEREST IN THE TARGET COMPANY AND NON-COMPLIANCE WITH CHAPTER 14 OF THE LISTING RULES

THE DISPOSAL

The Company entered into the Sale and Purchase Agreement with the Purchaser on 30 October 2026 (after trading hours), pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, the Sale Shares, representing the entire equity interest in the Target Company, at a total consideration of HK$800,000.

Completion of the Disposal took place unconditionally on 30 October 2026 without any conditions precedent requiring prior Shareholders' approval or regulatory clearance. Upon Completion, the Company ceased to hold any shares in the Target Company and the Target Group ceased to be subsidiaries of the Company. Accordingly, the financial results, assets, liabilities, and operations of the Target Group will no longer be consolidated into the consolidated financial statements of the Company, and the Target Group is now totally unrelated to the Company.

KEY HIGHLIGHTS OF THE TARGET GROUP AND TRANSACTION RATIONALE

- **Cessation of Operations**: Shareholders and potential investors should note that all restaurant operations of the Target Group were completely ceased in February 2026 due to severe operational difficulties and adverse economic conditions in its fine dining and full service restaurant businesses. At Completion, the Target Group carried on no active restaurant operations.

- **Strategic Relief from Heavy Debt**: As at 30 September 2026, the Target Group was in a substantial unaudited net liabilities position of approximately RMB169.2 million. The Disposal decisively relieves the Group from these heavy dormant liabilities, instantly strengthening the Group's balance sheet and resulting in an estimated unaudited gain on disposal of approximately RMB169.9 million.

- **Total Severance Post-Completion**: Following Completion on 30 October 2026, the Target Group became wholly owned by the Purchaser. The Target Group is totally unrelated to the listed Company, and the Company retains no equity interest, board representation, operational control, management role, financial commitments, or guarantees in respect of the Target Group.

- **Commercial Intent of Purchaser**: Based on information provided by the Purchaser, although the Target Group's Mainland China restaurant operations have ceased, the Purchaser intends to leverage the brand equity and commercial reputation of "Shanghai Xiao Nan Guo"(上海小南国) to explore and develop new catering and business opportunities outside Mainland China.

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 of the Company under the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company acknowledges that Completion took place on 30 October 2026 before the Company obtained Shareholders' approval in respect of the Disposal. Accordingly, the Company did not comply with the applicable requirements under Chapter 14 of the Listing Rules, including the requirement to obtain Shareholders' approval prior to Completion.

Further details of the Disposal, the financial effect of the Disposal, the non-compliance and the remedial measures are set out in this announcement.

THE DISPOSAL

The Board of the Company announces that Completion of the Disposal took place on 30 October 2026 in accordance with the terms of the Sale and Purchase Agreement entered into on 30 October 2026 (after trading hours).

Completion took place unconditionally upon the terms agreed between the parties. Upon Completion, the Company ceased to hold any shares in the Target Company and the Target Company and its subsidiaries ceased to be subsidiaries of the Company. The Target Group is completely severed and totally unrelated to the Group. Accordingly, the financial results, assets, liabilities, and operations of the Target Group will no longer be consolidated into the consolidated financial statements of the Group, and the Group has no further obligations, financial support liabilities, or rights in respect of the Target Group.

The consideration for the Disposal is HK$800,000, which has been paid in full by the Purchaser in cash upon Completion in accordance with the Sale and Purchase Agreement.

THE SALE AND PURCHASE AGREEMENT

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

Date: 30 October 2026 (after trading hours)

Parties: (1) The Company (as seller); and

(2) The Purchaser (as purchaser);

The Purchaser is an investor from Thailand. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Assets Disposed Of

Pursuant to the Sale and Purchase Agreement, the Company agreed to sell, and the Purchaser agreed to acquire, the Sale Shares, being the entire issued share capital of the Target Company.

Immediately prior to Completion on 30 October 2026, the Company was the sole legal and beneficial owner of the entire issued share capital of the Target Company.

Upon Completion, the Target Group ceased to be subsidiaries of the Company.

Consideration

The consideration payable by the Purchaser to the Company for the Disposal is HK$800,000, which was paid in full in cash by the Purchaser upon Completion on 30 October 2026.

The consideration was determined after arm's length negotiations between the Purchaser and the Company with reference to, among other things:

(i) the fact that all restaurant operations of the Target Group were completely ceased in February 2026;

(ii) the heavy unaudited net liabilities of the Target Group of approximately RMB169.2 million as at 30 September 2026 (and approximately RMB166.9 million as at 31 December 2025);

(iii) the persistent loss-making performance of the Target Group, which recorded an unaudited net loss of approximately RMB48.0 million for the year ended 31 December 2025; and

(iv) the severe economic downturn and challenging operating environment experienced by the catering industry as set out under the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS" below.

Having considered the Disposal allows the Group to decisively divest from heavy liabilities, generating an estimated gain on disposal of approximately RMB169.9 million and the net proceeds provide immediate general working capital for the Group to support its corporate maintenance and ongoing resumption efforts, the Directors consider that the consideration of HK$800,000 is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Completion

The Sale and Purchase Agreement contained no conditions precedent requiring prior Shareholders' approval or Stock Exchange clearance. Completion took place unconditionally on 30 October 2026 simultaneously with or immediately following the execution of the Sale and Purchase Agreement.

INFORMATION ON THE PURCHASER

The Purchaser is an investor in Thailand. 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. Prior to Completion, it was a direct wholly-owned subsidiary of the Company.

The Target Group was historically engaged in restaurant operations and takeaway services under the brand name of "Shanghai Xiao Nan Guo"(上海小南国)in Mainland China.

Operational Status, Ceased Operations and Total Unrelated Status Post-Disposal

Shareholders and potential investors are explicitly advised that, due to prolonged operational challenges, adverse retail sentiment, and mounting financial liabilities, all restaurant operations of the Target Group were completely ceased in February 2026. As at the date of the Sale and Purchase Agreement and at Completion, the Target Group carried on no active restaurant or catering business.

Following Completion on 30 October 2026, the Target Group is 100% owned by the Purchaser and is totally unrelated to the Company. The Group holds no equity, board, or managerial interest in the Target Group, nor does it carry any financial commitments, indemnities, or ongoing guarantees in connection with the Target Group or its liabilities.

Financial Information of the Target Group

Set out below is the summary financial information of the Target Group based on its unaudited management accounts for the three financial years ended 31 December 2023, 2024, and 2025:

Financial Metric	**For the year ended 31 December 2023 (unaudited)** *RMB'000*	**For the year ended 31 December 2024 (unaudited)** *RMB'000*	**For the year ended 31 December 2025 (unaudited)** *RMB'000*
Revenue	347,105	236,269	150,311
Loss before taxation	(40,048)	(56,025)	(43,166)
Loss after taxation	(47,146)	(69,795)	(48,080)

Based on the unaudited financial statements of the Target Group:

(i) For the year ended 31 December 2023, the Target Group contributed approximately 77.0% of total revenue, 99.9% of net loss, and 82.9% of total assets of the Group.

(ii) For the year ended 31 December 2024, the Target Group contributed approximately 75.2% of total revenue, 82.1% of net loss, and 82.8% of total assets of the Group.

(iii) For the year ended 31 December 2025, the Target Group contributed approximately 96.3% of total revenue, 90.1% of net loss, and 64.8% of total assets of the Group.

As at 30 September 2026, the Target Group recorded unaudited total assets of approximately RMB12.8 million and unaudited total liabilities of approximately RMB182.0 million, resulting in an unaudited net liabilities position of approximately RMB169.2 million.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The Company is an investment holding company. Historically, its subsidiaries were engaged in operating chain restaurants in Mainland China and Hong Kong.

Following the full cessation of the Target Group's restaurant operations in February 2026, the Target Group retained substantial corporate, lease, and trade liabilities without generating positive operational cash flows. The Directors evaluated that continuing to hold these dormant, heavily indebted entities would impose an unsustainable financial drain and ongoing administrative burden on the Group.

Strategic Benefit of Divesting Heavy Debt Entities

The Disposal represents a vital and highly beneficial corporate action that allows the Group to decisively sever its exposure to a severe net liability position (approximately RMB169.2 million as at 30 September 2026). By deconsolidating these dormant liabilities, the Group immediately strengthens its balance sheet, eliminates ongoing overhead and winding-up risks, and unlocks an estimated accounting gain on disposal of approximately RMB169.9 million. Furthermore, the cash proceeds provide immediate general working capital to support the Group's remaining business activities and facilitate ongoing efforts to satisfy the Stock Exchange's resumption guidance.

Complete Operational Independence Post-Disposal

The Board wishes to emphasize to Shareholders that upon Completion, the Target Group became totally unrelated to the Company. The Disposal achieves a clean legal and financial break, ensuring that any past or future liabilities of the Target Group will have zero recourse to the Group going forward.

Purchaser's Commercial Strategy & Brand Utilization

Based on information provided by the Purchaser, notwithstanding all restaurant operations in Mainland China were shut down in February 2026, the Purchaser recognized the historical brand value, trade name, and commercial goodwill associated with "Shanghai Xiao Nan Guo"（上海小南国）. The Purchaser intends to utilize the Target Group as an independent corporate platform to explore, license, and expand catering and business opportunities under the "Shanghai Xiao Nan Guo" brand outside Mainland China (including Hong Kong, Southeast Asia, and North America).

None of the Directors has a material interest in the Disposal, and no Director was required to abstain from voting on the Board resolutions approving the SPA and the Disposal.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion on 30 October 2026, the Target Company ceased to be a subsidiary of the Company, and its assets, liabilities, and financial performance ceased to be consolidated into the Group's financial statements. The Target Group is now totally unrelated to the Company.

The Company expects to recognise an estimated unaudited gain on the Disposal of approximately RMB169.9 million. Such estimated gain is calculated as follows:

Component	**Amount**
Consideration received	HK$800,000 (approximately RMB0.7 million)
Add: Deconsolidation of unaudited net liabilities (as at 30 September 2026)	approximately RMB169.2 million
Estimated unaudited gain on disposal	**approximately RMB169.9 million**

Note: The actual financial effect to be recorded in the audited consolidated financial statements of the Group will depend on the final audit of the Target Group's financial position as at the actual Completion Date (30 October 2026) and may differ from the figure above.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 75%, the Disposal constitutes a Very Substantial Disposal for the Company under Chapter 14 of the Listing Rules. Accordingly, the Disposal was subject to the notification, announcement, circular, and Shareholders' approval requirements prior to Completion under Chapter 14 of the Listing Rules.

Regulatory Classification and Operational Reality

The Board notes that the classification of the Disposal as a Very Substantial Disposal arises from the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules by reference to the Group's relevant historical financial information from prior years. As one or more of those applicable percentage ratios exceed 75%, the Disposal is technically classified as a Very Substantial Disposal under Chapter 14 of the Listing Rules.

The Board wishes to emphasize, however, that all restaurant operations of the Target Group were completely ceased in February 2026 before Completion. Based on the operating scale assessed by management immediately prior to Completion, the Target Group represented less than 5% of the Group's current business scale and generated zero active operational revenue at the time of Completion.

Accordingly, this announcement is published principally to comply with the reporting and announcement obligations applicable to a Very Substantial Disposal under Chapter 14 of the Listing Rules and to provide Shareholders and potential investors with information regarding Completion and the related non-compliance. The Board wishes to emphasize that the regulatory classification based on historical percentage ratios should not be taken to indicate that the Target Group continued to represent an active operating core or more than 75% of the Group's then-current operating business immediately before Completion. Divesting these dormant, debt-heavy entities is a necessary housekeeping step that removes a historical distortion from the Group's financial profile, leaving the Target Group totally unrelated to the listed issuer post-Completion.

NON-COMPLIANCE WITH THE LISTING RULES AND EXPLANATION

The Board acknowledges that the execution of the Sale and Purchase Agreement and subsequent Completion on 30 October 2026 without prior Shareholders' approval constitutes a non-compliance with Rule 14.40 of the Listing Rules.

The Board regrets this non-compliance and wishes to explain the pressing commercial circumstances and operational realities that led to this decision:

1. Given that all restaurant operations ceased in February 2026 and the Target Group held massive net liabilities of RMB169.2 million, any delay in proceeding with Completion would have forced the Group to continue bearing heavy liabilities and winding-up risks, further severely straining the Group's fragile financial position.

2. As disclosed in the Company's announcement dated 27 March 2026, the Group suffered severe manpower shortages within its finance and accounting department, delaying audit work and financial reporting. Management resources were stretched between handling auditor queries, managing landlord claims, and attempting corporate restructuring.

The decision to proceed with Completion was driven entirely by pressing commercial necessity to relieve the Group of substantial liabilities and achieve complete operational severance. It was not intended to bypass the Listing Rules. Nevertheless, the Board fully acknowledges that commercial urgency did not exempt the Company from its regulatory obligations, and the Company has adopted rigorous internal control measures to ensure such an issue does not recur.

REMEDIAL MEASURES

To address the breach and prevent recurrences of non-compliance, the Board has implemented and/or will implement the following remedial controls:

1. The finance team will implement strict procedures requiring percentage ratio calculations (and re-calculations upon structural changes) under Rule 14.07 before entering into binding agreements.

2. Internal procedures will be updated to ensure that all transaction documents for Notifiable Transactions explicitly include "obtaining Shareholders' approval and Stock Exchange clearance" as mandatory, non-waivable Conditions Precedent.

3. The Company will engage an independent professional internal control consultant to conduct a thorough review of the Group's compliance procedures and recommend controls over transaction disclosures.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

"associates"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors of the Company
"Company"	Shanghai XNG Holdings Limited (上海小南国控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 3666)
"Completion"	completion of the Disposal pursuant to the terms of the Sale and Purchase Agreement, which took place on 30 October 2026
"Completion Date"	30 October 2026
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the entire equity interest in the Target Company by the Company to the Purchaser pursuant to the Sale and Purchase Agreement
"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)"	third party(ies) independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Mainland China"	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"	Mr. Veerayuth Arnupapmongkol
"Sale and Purchase Agreement" or "SPA"	the Sale and Purchase Agreement dated 30 October 2026 entered into between the Company and the Purchaser in respect of the Disposal
"Sale Shares"	100% of the issued share capital of the Target Company
"Shareholders"	registered holders of the Shares
"Shares"	ordinary share(s) 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
"%"	per cent

By Order of the Board
Shanghai XNG Holdings Limited
HE Qinghua
Chairman

Hong Kong, 30 October 2026

As at the date of this announcement, the executive Directors are Mr. HE Qinghua, Ms. QIU Jiying and Mr. CUI Jinqiao; the non-executive Director is Mr. YAO Yafei.

* *For identification purposes only*