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)

AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2024	2023	*% Change Increase/ (decrease)*
Revenue *(RMB'000)*	**314,356**	450,539	(30.2%)
Gross profit[1] *(RMB'000)*	**203,462**	298,992	(32.0%)
Gross margin[2]	**64.7%**	66.4%	(1.7%)
Loss for the year *(RMB'000)*	**(85,059)**	(47,170)	80.3%
Net loss margin[3]	**(27.1%)**	(10.5%)	16.6%
Loss per share – Basic and diluted *(RMB cents)*	**(3.9)**	(2.1)	
Total dividend per share *(RMB cents)*	**–**	–	
Number of restaurants[4] *(as at 31 December)*	**20**	29	

Notes:

1. The calculation of gross profit is based on revenue less cost of sales.
2. The calculation of gross margin is based on gross profit divided by revenue.
3. Net loss margin is calculated as loss for the year divided by revenue.
4. The number of restaurants excludes licensed stores.

AUDITED ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Shanghai XNG Holdings Limited (the "**Company**" or "**Shanghai XNG**") announces that the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		Year ended 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
REVENUE	*3*	**314,356**	450,539
Cost of sales		**(110,894)**	(151,547)
Gross profit		**203,462**	298,992
Other income	*5*	**577**	11,740
Other gains and losses	*6*	**(19,250)**	(5,805)
Selling and distribution expenses		**(221,045)**	(285,212)
Administrative expenses		**(26,596)**	(48,967)
Finance costs	*7*	**(7,221)**	(10,910)
LOSS BEFORE TAX		**(70,073)**	(40,162)
Income tax expense	*8*	**(14,986)**	(7,008)
LOSS FOR THE YEAR	*9*	**(85,059)**	(47,170)
Other comprehensive expense:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(384)**	(159)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		**(85,443)**	(47,329)

		Year ended 31 December	
		2024	2023
	Note	***RMB'000***	*RMB'000*
Loss (profit) for the year attributable to:			
Owners of the Company		**(85,078)**	(45,418)
Non-controlling interests		**19**	(1,752)
		(85,059)	(47,170)
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(85,454)**	(45,582)
Non-controlling interests		**11**	(1,747)
		(85,443)	(47,329)
LOSS PER SHARE	*11*		
Basic and diluted		**RMB(3.9) cents**	RMB(2.1) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	**31 December 2024** ***RMB'000***	31 December 2023 *RMB'000*
NON-CURRENT ASSETS			
Property and equipment		**17,215**	26,084
Right-of-use assets		**50,871**	115,462
Intangible assets		**965**	1,191
Equity instruments at fair value through other comprehensive income ("**FVTOCI**")		**–**	–
Long-term rental deposits		**18,586**	23,299
Deferred tax assets		**11,009**	25,061
		98,646	191,097
CURRENT ASSETS			
Inventories		**5,478**	5,098
Trade receivables	*12*	**3,453**	5,440
Prepayments, deposits and other receivables		**16,448**	26,812
Amounts due from related parties		**3,809**	2,807
Restricted bank deposits	*13*	**6,224**	4,098
Cash and cash equivalents	*13*	**3,689**	20,658
		39,101	64,913
CURRENT LIABILITIES			
Trade payables	*14*	**65,100**	62,720
Other payables and accruals		**88,832**	72,878
Borrowings		**21,400**	25,000
Financial liabilities of fair value through profit or loss ("**FVTPL**")		**11,898**	–
Amounts due to related parties		**23,696**	3,944
Contract liabilities		**8,952**	8,760
Lease liabilities		**28,479**	61,507
		248,357	234,809
NET CURRENT LIABILITIES		**(209,256)**	(169,896)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(110,610)**	21,201

	Note	**31 December 2024** *RMB'000*	31 December 2023 *RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**45,324**	90,499
Restoration provisions		**3,693**	4,454
		49,017	94,953
NET LIABILITIES		**(159,627)**	(73,752)
CAPITAL AND DEFICITS			
Share capital	*15*	**18,393**	18,393
Treasury shares	*15*	**–**	(2,274)
Other reserves and accumulated losses		**(179,624)**	(91,464)
Deficits attributable to owners of the Company		**(161,231)**	(75,345)
Non-controlling interests		**1,604**	1,593
TOTAL DEFICITS		**(159,627)**	(73,752)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Shanghai XNG Holdings Limited (the "**Company**") as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of the registered office is located at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of the principal place of business of the Company in Hong Kong is located at Room 2401B, 24/F, Arion Commercial Centre, 2-12 Queen's Road West, Sheung Wan, Hong Kong.

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in the operation of chain restaurants in the People's Republic of China (the "**PRC**") and Hong Kong. There were no significant changes in the nature of the Group's principal activities during the year.

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. Management continues to closely monitor the liquidity position of the Group, which includes the sensitivity analysis of forecast bank and cash balances for various factors over the short and medium term to ensure adequate liquidity is maintained.

The Group incurred a loss of approximately RMB85,059,000 for the year ended 31 December 2024 and, as at 31 December 2024, the Group's current liabilities exceeded its current assets by approximately RMB209,256,000 and the Group's total liabilities exceeded its total assets by approximately RMB159,627,000, while the Group had cash and cash equivalents of approximately RMB3,689,000.

These conditions indicate that the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the directors of the Company have reviewed the Group's cash flow forecasts which cover a period of not less than twelve months from the date of the end of the reporting period.

Cash flow forecasts, which assume the continuity of normal business activity, indicate that the Group will have sufficient liquidity to meet its operation, existing contractual debt obligation and capital expenditure requirements for at least twelve-month period from the date of the end of the reporting period. Such cash flow forecasts include the following assumptions:

(i) the Group has been actively negotiating with certain banks on new source of borrowings;

(ii) the Group has been actively negotiating with certain banks to refinance the existing loan facilities from banks;

(iii) the Group has been actively negotiating with investors on new source of funding by placing of new shares;

(iv) the Group 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; and

(v) the Group will implement effective control on administrative and operating costs to improve the Group'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.

Taking into account all assumptions and plans as described above, the directors of Company are of the opinion that the Group will have sufficient working capital to maintain its operations and to pay its financial obligations as and when they fall due for at least twelve months from the end of the reporting period. The directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(i) successful negotiation with banks on new source of borrowings;

(ii) successfully completing the refinancing of existing loan facilities from banks;

(iii) successful negotiation with investors on new source of funding by placing of new shares;

(iv) successful negotiation with the lessors for extension of repayment of the outstanding lease payments included in other payables and accruals and lease liabilities; and

(v) successfully implementing effective control on administrative and operating costs to improve the Group'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.

Should the Group fail to achieve a combination of the abovementioned plans and measures, it might not be able to continue to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their realisation amounts, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, if applicable. The effects of these adjustments have not been reflected in the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

(a) Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 1	*Non-current Liabilities with Covenants*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

Except as described below, the application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to IAS 1 Classification of Liabilities as Current or Non-current and Amendments to IAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The application of the 2020 and 2022 Amendments has no material impact on the classification of the Group's liabilities.

(b) New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[3]
Amendments to IFRS 9 and IFRS 7	*Contracts referencing Nature-dependent Electricity*[3]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IFRS Accounting Standards	*Annual Improvements to IFRS Accounting Standards – Volume 11*[3]
Amendments to IAS 21	*Lack of Exchangeability*[2]
IFRS 18	*Presentation and Disclosure in Financial Statements*[4]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[4]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2025.
[3] Effective for annual periods beginning on or after 1 January 2026
[4] Effective for annual periods beginning on or after 1 January 2027.

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss: provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

3. REVENUE

(i) Disaggregation of revenue from contracts with customers

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Types of goods or services		
Restaurant operations	**309,599**	441,610
Sale of packed foods	**4,678**	7,208
Management fee from franchisee	**79**	1,721
Total	**314,356**	450,539
Timing of revenue recognition		
A point in time	**314,277**	448,818
Over time	**79**	1,721
Total	**314,356**	450,539

(ii) Performance obligations for contracts with customers and revenue recognition policies

Restaurant operations

The performance obligation is the promise to provide catering services. Revenue from catering services is recognised at a point in time when the services are rendered. A receivable is recognised by the Group when the services are rendered to the customers at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Payment of the transaction price is due immediately at the point the services are rendered to the customers. For payments settled by credit cards and other payment platforms by customers, the settlement period is normally within 3 days from the trade date, and for sales of food and beverages through food delivery agents, the Group allows a credit period of 3 to 30 days.

Sale of packed foods

For sales of packed foods, revenue is recognised when control of the goods has been transferred to the customer, being at the point the customer purchases the goods at the restaurants. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Management fee from franchisee

Revenue relating to management fees from franchisees is recognised over time. Advance consideration allocated to the management fees from franchisees is recognised as a contract liability and is released over the period of services.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) and the expected timing of recognising revenue are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within one year	**8,533**	8,495
More than one year	**419**	265
	8,952	8,760

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to management fees from franchisees, of which the performance obligations are to be satisfied within two to six years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

4. OPERATING SEGMENTS

The Group operates as one business unit based on brands and services, and there was only one reportable segment, the Shanghai XNG Holding Business, in the Group.

(a) Shanghai XNG Holding Business (including main brands: Shanghai Min, Maison De L'Hui, the Dining Room and Wolfgang Puck)

Geographical information

The Group's operations are located in the Mainland PRC and Hong Kong.

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the restaurants. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	Year ended 31 December		**31 December**	31 December
	2024	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC	**276,596**	391,187	**66,939**	135,656
Hong Kong	**37,760**	59,352	**2,112**	7,081
	314,356	450,539	**69,051**	142,737

Note: Non-current assets excluded financial instruments and deferred tax assets.

Information about major customers

No revenue from sales to a single customer amounted to 10% or more of the Group's revenue during the years ended 31 December 2024 and 2023.

5. OTHER INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Additional tax deduction *(Note a)*	**–**	9,697
Interest income	**64**	621
Government grants *(Note b)*	**3**	551
Dividend income from equity investments at fair value through other comprehensive income	**–**	300
Management fee income	**398**	179
Others	**112**	392
	577	11,740

(a) The amounts represent the additional input value added tax deduction, pursuant to the announcement of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs of the PRC, which become effective from 1 April 2019 onwards and was terminated as at 31 December 2023.

(b) There are no unfulfilled conditions or contingencies attaching to government grants that had been recognised.

6. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Gain on disposal of a subsidiary	**979**	1,721
Loss on deregistration of subsidiaries and branches	**(3,369)**	–
Foreign exchange differences, net	**(4)**	(4)
Impairment losses (recognised) reversed in respect of		
– property and equipment	**(2,037)**	732
– right-of-use assets	**(10,703)**	(5,841)
– trade receivables	**–**	1,125
– other receivables	**(2,916)**	2,720
Provision of litigation compensation	**(3,232)**	(5,000)
Gain on early termination of leases	**8,244**	379
Loss on disposal of property and equipment	**(2,854)**	(1,637)
Fair value loss of financial liabilities at FVTPL	**(3,358)**	–
	(19,250)	(5,805)

7. FINANCE COSTS

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Interest on bank loans	**993**	1,484
Interest on lease liabilities	**6,228**	9,426
	7,221	10,910

8. INCOME TAX EXPENSE

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Under (over) provision in prior years		
PRC Enterprise Income Tax	**934**	(606)
Deferred tax	**14,052**	7,614
	14,986	7,008

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

No provision for taxation in Hong Kong has been made as the Group has no assessable profit for both years.

Pursuant to Section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gain or appreciation shall apply to the Company or its operations.

Pursuant to the International Business Companies Act, 1984 (the "**IBC Act**") of the BVI, international business companies incorporated pursuant to the IBC Act enjoy a complete exemption from income tax. This includes an exemption from capital gains tax and all forms of withholding tax. Accordingly, the subsidiaries incorporated in the BVI are not subject to tax.

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cost of inventories recognised as an expense	**110,894**	151,547
Depreciation of property and equipment	**9,628**	18,027
Depreciation of right-of-use assets	**46,269**	62,006
Amortisation of intangible assets	**226**	249
Auditor's remuneration	**980**	1,080
Employee benefit expense (including directors' emoluments):		
Wages and salaries	**108,724**	146,381
Defined contribution pension schemes	**8,183**	13,917
Share Award Scheme expenses	**–**	1,334
	116,907	161,632

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(85,078)**	(45,418)

Number of shares

Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**2,192,207**	2,168,864,000

The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for the treasury shares held by the Group.

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for both 2024 and 2023.

12. TRADE RECEIVABLES

	31 December 2024 *RMB'000*	31 December 2023 *RMB'000*
Trade receivables	**4,434**	7,191
Less: Allowance for credit losses	**(981)**	(1,751)
	3,453	5,440

As at 1 January 2023, trade receivables from contracts with customers amounted to approximately RMB4,760,000.

The Group's trading terms with its customers are mainly on cash, credit card settlement, Alipay and WeChat payment. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice dates:

	31 December 2024 *RMB'000*	31 December 2023 *RMB'000*
0 – 30 days	**921**	3,203
31 – 60 days	**52**	47
61 – 90 days	**12**	40
Over 90 days	**2,468**	2,150
	3,453	5,440

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately RMB2,428,000 (2023: RMB4,793,000) which are past due as at the reporting date. Out of the past due balances of approximately RMB1,488,000 (2023: RMB1,503,000) has been past due 90 days or more and is not considered as in default.

13. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

	31 December 2024 *RMB'000*	31 December 2023 *RMB'000*
Bank balances and cash	**3,689**	20,434
Restricted bank deposits *(Note)*	**6,224**	4,098
Time deposits with original maturity of less than three months	**–**	224
	9,913	24,756
Less: Restricted bank deposits – Current portion	**(6,224)**	(4,098)
Cash and cash equivalents	**3,689**	20,658

Note: As at 31 December 2024, bank balances of approximately RMB6,224,000 (2023: RMB4,098,000) was restricted for pending legal disputes ordered by the court in the PRC. A subsidiary has been disposed of during the year ended 31 December 2023 with restricted bank deposits of approximately RMB4,690,000.

At the end of the reporting period, the bank balances and cash of the Group denominated in RMB amounted to approximately RMB2,704,000 (2023: RMB20,201,000). The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and short-term deposits are deposited with creditworthy banks with no recent history of default.

14. TRADE PAYABLES

	31 December 2024 *RMB'000*	31 December 2023 *RMB'000*
Trade payables	**65,100**	62,720

The following is an aged analysis of trade payable presented based on the invoice date:

	31 December 2024 *RMB'000*	31 December 2023 *RMB'000*
0 – 90 days	**34,254**	49,239
91 – 365 days	**24,111**	8,901
Over 1 year	**6,735**	4,580
	65,100	62,720

The average credit period on purchases of goods is 90 days.

15. SHARE CAPITAL

	Number of shares		**Share capital**	
	31 December 2024 *'000*	31 December 2023 *'000*	**31 December 2024** *RMB'000*	31 December 2023 *RMB'000*
Authorised:				
At beginning and end of the year	**10,000,000**	10,000,000	**83,112**	83,112
Issued and fully paid:				
At beginning and end of the year	**2,213,031**	2,213,031	**18,393**	18,393
Treasury shares:				
At beginning of the year	**36,667**	11,477	**2,274**	894
Repurchase of shares	**12,983**	25,190	**432**	1,380
Transfer of treasury shares to Share Award Scheme reserve	**(49,650)**	–	**(2,706)**	–
At end of the year	**–**	36,667	**–**	2,274

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2024, the Group's revenue amounted to RMB314.4 million, representing a decrease of RMB136.1 million or 30.2% from RMB450.5 million in 2023; the Group's gross profit amounted to RMB203.5 million, representing a decrease of approximately RMB95.5 million or 32.0% from RMB299.0 million in 2023. In 2024, the loss attributable to the owners of the Company was approximately RMB85.1 million, representing an increase of RMB39.7 million, when compared with the loss of RMB45.4 million in 2023.

In 2024, the Group operated a restaurant network of 18 "Shanghai Min" restaurant, one "The Dining Room" restaurant and one "Wolfgang Puck" restaurant, which cover some of the most affluent and fast-growing cities in Mainland China and Hong Kong. The following table sets forth the revenue and the number of the restaurants in operation, by geographical region and brand, in 2024 and 2023, respectively.

	As at 31 December			
	2024		2023	
	Number of restaurants *(Note (iii))*	**Revenue** *RMB'000*	Number of restaurants *(Note (iii))*	Revenue *RMB'000*
The PRC (Mainland area) *(Note (ii))*				
– Shanghai Min and Maison De L' Hui	**17**	**235,467**	23	338,016
– The Dining Room	**1**	**18,879**	1	21,775
– Other brands *(Note (iv))*	**1**	**17,493**	1	22,467
Hong Kong				
– Shanghai Min	**1**	**21,138**	2	33,353
– The Dining Room *(Note (v))*	**–**	**16,622**	2	25,999
Total revenue of restaurant operations *(Note (i))*	**20**	**309,599**	29	441,610
Other revenue		**4,757**		8,929
Total revenue		**314,356**		450,539

Notes:

(i) Total revenue of restaurant operations includes revenues of restaurant operations and takeaway business of restaurants.

(ii) The PRC (Mainland area), for the purpose of this announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan.

(iii) The number of restaurants excludes licensed stores.

(iv) Other brand in the PRC include Wolfgang Puck (2023: Wolfgang Puck).

(v) All stores under the Dining Room brand in Hong Kong as of 31 December 2024 have been closed.

In 2024, catering service industries continued to face sluggish consumption resulting from the prolonged macro economic downturn, which in turn made 2024 an extremely challenging year for the business environment.

FINANCIAL REVIEW

Total Revenue

Revenue of the Group decreased by RMB136.1 million, or 30.2%, from RMB450.5 million in 2023 to RMB314.4 million in 2024.

Total revenue of restaurant operations

Total revenue of restaurant operations decreased by RMB132.0 million, or 29.9% from RMB441.6 million in 2023 to RMB309.6 million in 2024, primarily due to:

- an increase of RMB13.1 million in revenue contributed by restaurants newly opened in 2024;

- a decrease of RMB54.3 million, or 18.2%, in comparable restaurant sales in 2024 as compared with that of 2023; and

- the relocation, adjustment and closure of stores in 2024, which resulted in a decrease in overall revenue of RMB90.8 million.

Other revenue

Other revenue decreased by RMB4.1 million, from RMB8.9 million in 2023 to RMB4.8 million in 2024. The decrease was mainly due to a decrease of RMB2.5 million in sales of value-added products and a decrease of RMB1.6 million in management fee from franchisee.

Cost of sales

The cost of sales decreased by RMB40.6 million, or 26.8%, from RMB151.5 million in 2023 to RMB110.9 million in 2024. The cost of sales as a percentage of revenue increased from 33.6% in 2023 to 35.3% in 2024.

Other income

Other income in 2024 amounted to RMB0.6 million, mainly due to management fee income of RMB0.4 million and interest income of RMB0.06 million.

Other gains and losses

Other gains and losses in 2024 amounted to loss of RMB19.3 million, mainly comprised of RMB2.9 million from loss on disposal of property and equipment, RMB12.7 million from impairment losses of fixed assets and right-of-use assets, RMB2.9 million from bad debt on trade and other receivables, RMB3.2 million from provision of litigation compensation and RMB3.4 million from fair value loss of financial liabilities of FVTPL, partially offset by RMB8.2 million from gain on early termination of leases.

Selling and distribution expenses

Selling and distribution expenses decreased by RMB64.2 million, or 22.5%, from RMB285.2 million in 2023 to RMB221.0 million in 2024.

Labor costs relating to the restaurants operations decreased by RMB21.9 million, or 16.4%, from RMB133.6 million in 2023 to RMB111.7 million in 2024. As a percentage of the Group's revenue, labor costs increased from 29.7% in 2023 to 35.5% in 2024.

Rental costs relating to restaurants operations decreased by RMB0.7 million, or 2.2%, from RMB32.3 million in 2023 to RMB31.6 million in 2024. As a percentage of the Group's revenue, rental costs increased from 7.2% in 2023 to 10.1% in 2024.

Depreciation expenses relating to the restaurants operations decreased by RMB32.8 million, or 42.7%, from RMB76.9 million in 2023 to RMB44.1 million in 2024. As a percentage of the Group's revenue, depreciation expenses decreased from 17.1% in 2023 to 14.0% in 2024.

Administrative expenses

Administrative expenses decreased by RMB22.4 million, or 45.7%, from RMB49.0 million in 2023 to RMB26.6 million in 2024, and as a percentage of revenue, administrative expenses decreased from 10.9% to 8.5% over the same period.

Income tax expense

Income tax expense increased by RMB8.0 million from RMB7.0 million in 2023 to RMB15.0 million in 2024.

Loss for the year

As a result of the foregoing, the loss for the year of the Company increased by RMB37.9 million from the loss of RMB47.2 million in 2023 to the loss of RMB85.1 million in 2024. The net loss margin increased from 10.5% in 2023 to 27.1% in 2024.

Liquidity, capital resources and cash flow

The Group satisfied the liquidity and capital requirements primarily through bank loans and cash inflows from the operating activities.

As at 31 December 2024, the Group's total interest-bearing bank loans were RMB21.4 million. The gearing ratio was 430.8% (31 December 2023: 202.9%). Gearing ratio represents net debt divided by adjusted capital plus net debt. Net debt includes interest-bearing bank loans, financial liabilities measured at FVTPL, trade payables, other payables and accruals, contract liabilities and amounts due to related parties, less cash and cash equivalents and restricted bank deposits. Capital represents deficits attributable to owners of the Company.

The Group had net cash inflows from operating activities of RMB35.4 million in 2024 (2023: RMB48.2 million). As at 31 December 2024, the Group had RMB3.7 million in cash and cash equivalents (31 December 2023: RMB20.7 million). The following table sets out certain information regarding the consolidated cash flows for the years ended 31 December 2024 and 2023:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Net cash from operating activities	**35,351**	48,225
Net cash from (used in) investing activities	**(8,863)**	11,812
Net cash used in financing activities	**(43,201)**	(86,887)
Net decrease in cash and cash equivalents	**(16,713)**	(26,850)
Cash and cash equivalents at 1 January	**20,658**	47,575
Effect of foreign exchange, net	**(256)**	(67)
Cash and cash equivalents at 31 December	**3,689**	20,658

Operating activities

Net cash inflow from operating activities decreased by RMB12.8 million from RMB48.2 million in 2023 to RMB35.4 million in 2024, which was mainly due to the decrease in movements in working capital this year.

Investing activities

Net cash used in investing activities was RMB8.9 million in 2024, as compared with net cash from investing activities of RMB11.8 million in 2023, which was mainly because restricted bank deposits of the Company increased by RMB2 million in the current period.

Financing activities

Net cash used in financing activities decreased by RMB43.7 million from RMB86.9 million in 2023 to RMB43.2 million in 2024, which was primarily attributable to the proceeds from new bank loans of RMB22.0 million, repayment of bank loans of RMB25.6 million, interest paid of RMB7.2 million, repurchase of shares of RMB0.4 million, advance from related parties of RMB19.8 million, rental payments related to lease contracts included in cash used in financing activities of approximately RMB60.2 million as a result of the application of IFRS 16, proceeds from financial liabilities measured at FVTPL of RMB17.9 million and repayment of financial liabilities measured at FVTPL of RMB9.4 million.

Foreign currency exposure

The Group's exposure to the risk of fluctuation in foreign exchange rates relates primarily to the Group's operating activities, investment activities and overseas financing income or expenses (when revenue or expenses from investment activities and overseas financing are denominated in a different currency from the functional currency of the relevant subsidiaries of the Group). None of the Group's purchase for the years ended 31 December 2024 and 31 December 2023 was denominated in currencies other than the functional currency of the relevant subsidiaries. The Group has minimal exposure to foreign exchange risk.

Material acquisitions and disposals

The Group did not have any material acquisitions and disposals for the year ended 31 December 2024.

Significant investments

The Group did not have any significant investments for the year ended 31 December 2024.

Capital commitment

Capital commitments were approximately RMB4.2 million and RMB7.6 million as at 31 December 2024 and 31 December 2023, respectively.

Pledge of group assets

As at 31 December 2024, the Group did not have any pledge of assets (as at 31 December 2023: Nil).

Human resources and remuneration policies

As at 31 December 2024, the Group employed approximately 233 employees in Mainland China and Hong Kong, including 187 employees in restaurants and 46 employees in functional departments (2023: 544 employees), representing a year-on-year decrease of 57.2%.

In 2024, the Group continued to use a three-dimensional labor structure for full-time employees, hourly employees and trainees and also entered into long-term cooperation plans with a number of domestic institutions. The Group continued to carry out a number of established incentive assessment policies, so as to increase the overall income of employees, to achieve the sharing of benefits between the Company and employees, and to improve employee work enthusiasm.

STRATEGIC OUTLOOK

By observing the catering industry, we have realized that successful local cuisine brands are generally those that have completed the transformation from "local characteristics" to "cultural experience". Against the backdrop of a gradual rebound in overall consumption after downgrading, the choice-decisioning in dining consumption for the customers is not barely the food quality. The thick oil and red sauce should not only be a landmark taste of Shanghai cuisine, but also a symbolic for Shanghai culinary culture, so that customers can taste the story behind the brand while tasting the food.

The optimization of the multi-brand strategy is also necessary to consolidate the core strength of "Fine Shanghai Cuisine" while expanding differentiated sub-brands (such as "The Dining Room", "Jingjing Nanguo", "Xingxing Nanguo"), to cover a wide range of consumption scenarios such as light luxury, family dinners, and business banquets. In order to adapt to the younger consumer base, the Company will avoid opening large restaurants and reduce the banquet size when opening stores in the future, taking small shop model and flexible management as the future business strategy direction. In addition, we will enhance the innovation of the dishes, retaining the classic dishes while introducing seasonal healthy menu to cater the diversified customer needs.

The future of the catering industry is both challenging and full of opportunities. The Group will keep pace with the times, gain insights into the ever-changing needs of consumers, and actively adopt strategies such as exploring healthy dining, implementing technology-enabled operations, creating immersive experiences, strengthening brand building and expanding diversified businesses and pipelines, in order to be invincible in the face of intense market competition. The Company will balance "tradition and innovation" in the future. We will, through multi-brand matrix, supply chain cultivation and digitalization of operations, transform from a single catering service provider to a diversified integrated brand, and keep making innovation, optimization and upgrade in the journey of catering development. By offering high quality and delicious food, we will create more value for consumers and write a brilliant chapter in the catering industry together.

SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD

The Group did not have any significant events subsequent to 31 December 2024 and up to the date of this announcement.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: nil).

CORPORATE GOVERNANCE CODE

The Company is dedicated to maintaining high standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and accountability.

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") in Appendix C1 of the Listing Rules as its own code of corporate governance. During the year ended 31 December 2024, the Company has complied with all the applicable code provisions as set out in the CG Code.

Further information of the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended 31 December 2024.

The Company regularly reviews its corporate governance practices to ensure its compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard of dealings set out in the Model Code throughout the year ended 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company or any of its subsidiaries did not purchase, sell or redeem any listed securities of the Company for the year ended 31 December 2024.

REVIEW OF ANNUAL RESULTS

The Audit Committee has discussed with the management of the Company with respect to the internal control and financial reporting matters related to the preparation of the consolidated financial statements for the year ended 31 December 2024. The Audit Committee has also reviewed the Company's consolidated financial statements for the year ended 31 December 2024. The Audit Committee is of the view that these financial statements have been prepared in accordance with the applicable accounting standards, the Listing Rules and the statutory provisions, and sufficient disclosures have already been made.

SCOPE OF WORK OF WILSON & PARTNERS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Wilson & Partners CPA Limited ("**WPCPA**"), to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on 31 March 2025. The work performed by WPCPA in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by WPCPA on the preliminary announcement.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is the extract of the Independent Auditor's Report from the auditor of the Company, WPCPA:

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties relating to going concern

During the year ended 31 December 2024, the Group reported a loss of approximately RMB85,059,000 and had a net cash outflow of RMB16,713,000. As at 31 December 2024, the Group recorded net current liabilities of approximately RMB209,256,000 and net liabilities of approximately RMB159,627,000. The Group also had outstanding trade payables, other payables and accruals, bank loans and short-term lease liabilities amounted to approximately RMB65,100,000, RMB88,832,000, RMB21,400,000 and RMB28,479,000, respectively, which were due for settlement within twelve months and were classified as current liabilities, while the Group had cash and cash equivalents of approximately RMB3,689,000 as at 31 December 2024. Under certain legal proceedings in relation to outstanding lease payments arising from lease of restaurant properties, the Group has received property preservation orders to restrict the withdrawal of bank deposits amounted to RMB6,224,000 as at 31 December 2024.

These conditions, together with other matters disclosed in Note 3.1 to the consolidated financial statements, indicate the existence of material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern and the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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, in which the details are set out in Note 3.1 to the consolidated financial statements. The validity of the going concern assumptions on which the consolidated financial statements have been prepared depends on the outcome of these plans and measures, which are subject to multiple uncertainties, including: (i) successful negotiation with banks on new source of borrowings; (ii) successfully completing the refinancing of existing loan facilities from banks; (iii) successful negotiation with investors on new source of funding by placing of new shares; (iv) successful negotiation with the lessors for extension of repayment of the outstanding lease payments included in other payables and accruals and lease liabilities; and (v) successfully implementing effective control on administrative and operating costs to improve Group'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 directors of the Company have taken into account the likelihood of success of the plans and measures being implemented and are of the opinion that sufficient financial resources will be available to finance the Group's operations and to meet the Group's financial obligations as and when they fall due at least twelve months from the date of approval of the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

Given the execution of the plans and measures by the Group are in preliminary stage or in progress and no written contractual agreements or other documentary supporting evidence from the relevant banks or other lenders, potential investors and lessors are available to the Group as at the date of approval for issuance of the consolidated financial statements of the Group for extending the going concern assessment, we are unable to obtain sufficient appropriate audit evidence we considered necessary to assess the likelihood of success of the plans and measures currently undertaken by the Group. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves that the appropriateness of the directors' use of the going concern basis of accounting and adequacy of the related disclosures in the consolidated financial statements of the Group.

Should the Group fail to achieve a combination of the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively, or to recognise a liability for any contractual commitments that may have become onerous, where appropriate. The effects of these adjustments have not been reflected in the consolidated financial statements.

The aforesaid "Note 3.1 to the consolidated financial statements" in the extract from the Auditor's Report is disclosed as Note 1 to this announcement.

PUBLICATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.xngholdings.com), and the Company's 2024 annual report which contains all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "**AGM**") is scheduled to be held on Friday, 27 June 2025. A notice convening the AGM and other documents will be issued and dispatched to the shareholders of the Company in due course in the manner prescribed by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 24 June 2025 to Friday, 27 June 2025 (both days inclusive), during which period no transfer of shares will be registered. All transfer documents of the Company accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East,Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 23 June 2025.

APPRECIATION

The Board would like to express its sincere gratitude to the shareholders, management team, employees and business partners for their support and contribution to the Group.

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

Shanghai, the People's Republic of China, 31 March 2025

As at the date of this announcement, the executive Director is Mr. GU Dorson; the non-executive Director is Ms. GU Lina; and the independent non-executive Directors are Mr. LEUNG Yiu Cho, Mr. ZHANG Zhenyu and Ms. HU Xiaoqi.