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Shirble Department Store Holdings (China) Limited

歲寶百貨控股(中國)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00312)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The Board wishes to announce the annual results of the Group for the year ended 31 December 2021 as follows:

- Revenue was RMB230.1 million, representing a decrease of 52.2% compared with the revenue of RMB481.1 million in 2020;
- Operating loss was RMB398.7 million as compared with operating profit of RMB28.1 million in 2020;
- Loss attributable to owners of the Company was RMB438.0 million as compared with the loss attributable to owners of the Company of RMB75.1 million in 2020; and
- Basic loss per share was RMB0.18, as compared to basic loss per share of RMB0.03 in 2020.

I. FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The following sets forth the audited consolidated results of Shirble Department Store Holdings (China) Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020.

CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Year ended 31 December	
		2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	5	230,118	481,077
Other operating revenue	6	32,492	43,884
Other losses – net	7	(174,351)	(14,704)
Fair value adjustment on investment properties	14	(215,859)	(149,140)
Purchase of and changes in inventories	8	(10,365)	(15,097)
Employee benefit expenses	8,9	(92,520)	(139,740)
Depreciation and amortisation expenses	8	(18,013)	(24,995)
Net impairment losses on financial assets	8	(29,383)	(39,026)
Other operating expenses – net	8	(120,811)	(114,125)
Operating (loss)/profit		(398,692)	28,134
Finance income	10	10,005	11,646
Finance costs	10	(86,662)	(82,582)
Finance costs – net	10	(76,657)	(70,936)
Share of losses of an associate		–	(213)
Loss before income tax		(475,349)	(43,015)
Income tax credit/(expense)	11	33,718	(32,095)
Loss for the year		(441,631)	(75,110)
Loss attributable to:			
Owners of the Company		(438,043)	(75,116)
Non-controlling interests		(3,588)	6
		(441,631)	(75,110)
Loss per share for the loss attributable to owners of the Company (expressed in RMB per share)			
– Basic and diluted	12	(0.18)	(0.03)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year	(441,631)	(75,110)
Other comprehensive income:		
<i>Item that may be reclassified to profit or loss:</i>		
Currency translation differences	1,227	3,320
Other comprehensive income for the year	1,227	3,320
Total comprehensive loss for the year	(440,404)	(71,790)
Attributable to:		
Owners of the Company	(436,816)	(71,796)
Non-controlling interests	(3,588)	6
Total comprehensive loss for the year	(440,404)	(71,790)

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2021	2020
<i>Note</i>		RMB'000	RMB'000
ASSETS			
Non-current assets			
	Investment properties	14 2,387,778	2,601,561
	Property, plant and equipment	15 240,602	253,817
	Intangible assets	4,328	8,204
	Investment in an associate	–	739
	Deferred income tax assets	30,464	19,664
	Trade receivables, other receivables and prepayments	17 530,266	712,652
		3,193,438	3,596,637
Current assets			
	Inventories	5,528	9,123
	Financial assets at fair value through profit or loss	16 101,055	258,285
	Trade receivables, other receivables and prepayments	17 230,132	245,287
	Properties held for sale	18 350,000	–
	Restricted bank deposits	32,971	32,409
	Cash and cash equivalents	58,164	106,784
		777,850	651,888
	Total assets	3,971,288	4,248,525

		As at 31 December	
		2021	2020
	<i>Note</i>	RMB'000	RMB'000
EQUITY			
Share capital		213,908	213,908
Share premium		750,992	751,091
Shares held for share award scheme		(214)	(214)
Other reserves		444,855	443,628
Retained profits		259,805	697,848
Equity attributable to owners of the Company		1,669,346	2,106,261
Non-controlling interests		8,528	12,555
Total equity		1,677,874	2,118,816
LIABILITIES			
Non-current liabilities			
Lease liabilities		930,059	1,011,098
Deferred income tax liabilities		187,099	210,017
Borrowings	<i>21</i>	540,939	266,550
		1,658,097	1,487,665
Current liabilities			
Lease liabilities		75,994	86,144
Trade and other payables	<i>19</i>	207,902	186,768
Contract liabilities	<i>20</i>	32,868	60,875
Borrowings	<i>21</i>	115,912	105,503
Income tax payable		202,641	202,754
		635,317	642,044
Total liabilities		2,293,414	2,129,709
Total equity and liabilities		3,971,288	4,248,525

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 5 November 2008 as an exempted company with limited liability under the Companies Law, (Cap. 22) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is principally engaged in investment holding. The principal activities of the Group are department stores operations, property development and provision of property development consulting services in The People's Republic of China (the "PRC").

2. BASIS OF PREPARATION

These annual financial statements for the year ended 31 December 2021 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and requirements of the Hong Kong Companies Ordinance ("HKCO") Cap.622.

3. CHANGES IN ACCOUNTING POLICIES

A number of new and amended standards become applicable for the current reporting period and the Group had to change its accounting policies. The impact of the adoption of these standards and the new accounting policies are disclosed below.

(a) New and amended standards and interpretation adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform
Amendments to IFRS	Annual Improvements to HKFRS Standards 2018-2020 Cycle
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments listed above did not have any impact on the amount recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New, revised and amended standards not yet adopted

Certain new standards and amendments to existing standards have been published that are not mandatory in current year and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to IFRS 3	Reference to the Conceptual Framework	January 1, 2022
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022
Annual Improvements to IFRSs 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41	January 1, 2022
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023
IFRS 17	Insurance Contracts	January 1, 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	No mandatory effective date yet determined but available for adoption
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 8	Definition of Accounting Estimates	January 1, 2023
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination (AG 5)	January 1, 2022

The above new standards and amendments to existing standards are effective for annual periods beginning after 1 January 2022 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group except for IFRS 17. The Group is in the process of assessing the impact of IFRS 17 on the Group's consolidated financial statements.

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their business operations and has two reportable operating segments as follows:

- Department store business – operation of department stores;
- Property business – property development business and provision of property development consulting services; and
- Others – unallocated items, comprising mainly head office overheads.

The Board assesses the performance of the operating segments based on a measure of net profit. No information regarding segment assets and segment liabilities is provided to the Board.

The Group's revenue and non-current assets are mainly attributable to the market in PRC. No geographical information is therefore presented.

The segment information is as follows:

	Year ended 31 December 2021			
	Department store business RMB'000	Property business RMB'000	Others RMB'000	Group RMB'000
Revenue	230,118	-	-	230,118
Revenue from contracts with customers				
At a point in time	20,911	-	-	20,911
Revenue from other sources				
Rental income	209,207	-	-	209,207
Other operating revenue	32,492	-	-	32,492
Other gain/(losses) - net	20,354	(191,886)	(2,819)	(174,351)
Fair value adjustment on investment properties	(215,859)	-	-	(215,859)
Purchase of and changes in inventories	(10,365)	-	-	(10,365)
Employee benefit expenses	(50,576)	(33,289)	(8,655)	(92,520)
Depreciation and amortisation expenses	(12,962)	-	(5,051)	(18,013)
Net impairment losses on financial assets	(29,383)	-	-	(29,383)
Other operating expenses, net	(95,343)	(11,624)	(13,844)	(120,811)
Operating loss	(131,524)	(236,799)	(30,369)	(398,692)
Finance income	9,999	1	5	10,005
Finance costs	(71,418)	(15,050)	(194)	(86,662)
Finance costs - net	(61,419)	(15,049)	(189)	(76,657)
Loss before income tax	(192,943)	(251,848)	(30,558)	(475,349)
Income tax credit	25,063	8,655	-	33,718
Loss for the year	(167,880)	(243,193)	(30,558)	(441,631)

Year ended 31 December 2020

	<i>Note</i>	Department store business RMB'000	Property business RMB'000	Others RMB'000	Group RMB'000
Revenue	(a)	254,200	226,877	–	481,077
Revenue from contracts with customers					
At a point in time		40,125	–	–	40,125
Over time		–	226,877	–	226,877
Revenue from other sources					
Rental income		213,985	–	–	213,985
Other operating revenue		43,534	–	350	43,884
Other gain/(losses) – net		49,370	(64,074)	–	(14,704)
Fair value adjustment on investment properties		(149,140)	–	–	(149,140)
Purchase of and changes in inventories		(15,097)	–	–	(15,097)
Employee benefit expenses		(62,185)	(64,910)	(12,645)	(139,740)
Depreciation and amortisation expenses		(15,313)	–	(9,682)	(24,995)
Net impairment losses on financial assets		(39,026)	–	–	(39,026)
Other operating expenses, net		(96,240)	(2,300)	(15,585)	(114,125)
Operating (loss)/profit		<u>(29,897)</u>	<u>95,593</u>	<u>(37,562)</u>	<u>28,134</u>
Finance income		11,639	–	7	11,646
Finance costs		(76,413)	(5,618)	(551)	(82,582)
Finance costs – net		(64,774)	(5,618)	(544)	(70,936)
Share of losses of an associate		(213)	–	–	(213)
(Loss)/profit before income tax		(94,884)	89,975	(38,106)	(43,015)
Income tax (expenses)/credit		14,149	(46,244)	–	(32,095)
(Loss)/profit for the year		<u>(80,735)</u>	<u>43,731</u>	<u>(38,106)</u>	<u>(75,110)</u>

Note:

- (a) RMB226,877,000 are derived from a single external customer in 2020. These revenues are attributed to the property business segment (note 5(a)).

5. REVENUE

	<i>Note</i>	Year ended 31 December	
		2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
Rental income		208,912	213,618
Direct sales		10,971	15,847
Commission from concessionaire sales		295	381
Income from reversal of long-aged pre-paid gift card and unredeemed award credits		9,940	24,354
Property development consulting service income	(a)	–	226,877
		<u>230,118</u>	<u>481,077</u>

Note:

- (a) On 8 April 2019, the Group entered into two consultancy agreements (the “**Original Consultancy Agreements**”) with Shenzhen Shengrunfeng Investment & Development Co., Ltd (“**SRF**”) and Shenzhen Hexinglong Industrial Co., Ltd (“**HXL**”) to provide property development consulting services. SRF and HXL which are ultimately controlled by an executive director of the Group. The consulting services included but not limited to project development and strategic advisory services for the establishment of a project team, as well as systematic analysis and consulting services for the full-cycle development, financial and capital management of two property projects in Shenzhen.

On 30 December 2020, the Group entered into two termination agreements (the “**Termination Agreements**”) with SRF and HXL for the purpose of terminating the property development consulting services effective from 30 December 2020 (the “**Termination Date**”). The service fees and the related expenses payable to the Group of RMB447.9 million for the period from 8 April 2019 up to 30 December 2020 will continue to be payable by SRF and HXL pursuant to the terms of the Termination Agreements. As of 31 December 2021, RMB44.5 million have been received from SRF and HXR, and the remaining RMB403.4 million was included in amounts due from related companies (Note 17).

Effective from the Termination Date, each of the Group, SRF and HXL have been released from their respective obligations under the Original Consultancy Agreements. The Group will not be required to provide consulting services to SRF and HXL, and SRF and HXL will be under no obligation to pay any additional service fee (other than the service fee accrued and payable before the Termination Date) to the Group after the Termination Date.

6. OTHER OPERATING REVENUE

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Promotion, administration and management income	29,628	39,688
Credit card handling fees for concessionaire sales	1,565	1,221
Government grant	1,299	2,975
	32,492	43,884

7. OTHER LOSSES – NET

	Note	2021	2020
		RMB'000	RMB'000
Compensation income	(a)	15,546	26,700
Deposit forfeited for terminated lease agreements		3,415	5,182
Reversal of/(provision for) legal claims		2,499	(5,739)
Fair value change on financial assets at FVPL (Note 16)		(157,134)	(64,107)
Provision of impairment for properties held for sale (Note 18)		(34,622)	–
Loss on disposals of property, plant and equipment		(3,970)	(1,033)
(Loss)/gain from termination of leases	(b)	(877)	10,190
COVID-19-related-rent concession	(c)	–	12,580
Loss on disposal of intangible assets		–	(16)
Others		792	1,539
		(174,351)	(14,704)

Notes:

- (a) Pursuant to an agreement between the Group and a tenant, the Group is entitled to a minimum income during the contract period. A compensation income of RMB15,546,000 was recognised for the year ended 31 December 2021 (2020: RMB26,700,000) in accordance with the relevant terms and conditions.
- (b) In 2020, the Group has agreed with the lessor and the tenants of Hongling Store on early termination of the related lease contracts as a result of the closure of Hongling Store. A net gain of RMB4,190,000 was recognised resulting from the derecognition of related right-of-use assets and lease liabilities as the lessee as well as the derecognition of related finance lease receivables as the lessor. In addition, RMB6,000,000 of compensation received from the lessor was recognised as a gain due to early termination of the related lease contract proposed.
- (c) Certain lessors agreed to offer rent concession to the Group, without changing the lease contracts, due to the outbreak of COVID-19. The Group recognised a gain of RMB12,580,000 of such rent concession for the year ended 31 December 2020 with a corresponding reduction in the lease liabilities.

8. EXPENSES BY NATURE

	<i>Note</i>	Year ended 31 December	
		2021	2020
		RMB'000	RMB'000
Purchase of and changes in inventories		10,365	15,097
Employee benefit expenses	9	92,520	139,740
Depreciation and amortisation expenses		18,013	24,995
Net impairment losses on financial assets		29,383	39,026
Utilities		67,884	56,903
Business travel expenses		5,714	8,611
Other tax expenses		8,835	7,052
Office expenses		5,474	4,037
Advertising costs		3,160	4,032
Cleaning fee		4,013	3,582
Auditor's remuneration			
– Audit services		2,500	2,500
– Other services		600	600
Bank charges		208	2,682
Transportation expenses		932	1,363
Net foreign exchange loss		2,647	4,885
Net impairment losses on investment in an associate		739	–
Other expenses		18,015	17,878
		271,092	332,983

9. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Wages and salaries	85,383	135,912
Social security costs	2,137	1,872
Severance payment	5,000	1,877
Share-based compensation expenses	–	9
Others	–	70
	92,520	139,740
Total employee benefit expenses	92,520	139,740

10. FINANCE INCOME AND COSTS

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income		
Interest income from finance leases	9,572	10,713
Interest income from bank deposits	433	933
	<u>10,005</u>	<u>11,646</u>
Finance costs		
Interest expenses on operating leases as the lessee	(52,491)	(57,233)
Interest expenses on bank loans	(34,171)	(25,349)
	<u>(86,662)</u>	<u>(82,582)</u>
Finance costs – net	<u>(76,657)</u>	<u>(70,936)</u>

11. INCOME TAX (CREDIT)/EXPENSE

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Current income tax		
– PRC corporate income tax	–	49,134
Deferred income tax	(33,718)	(17,039)
	(33,718)	32,095

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the statutory tax rates applicable to the subsidiaries comprising the Group as follows:

	<i>Note</i>	Year ended 31 December	
		2021	2020
		RMB'000	RMB'000
Loss before income tax		(475,349)	(43,015)
Tax calculated at a tax rate of 25% (2020: 25%)		(118,837)	(10,754)
Tax impact of:			
– Expenses not deductible for tax purposes	<i>(iv)</i>	39,381	17,343
– Unrecognised tax loss		45,738	25,476
Income tax (credit)/expense		(33,718)	32,095

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.
- (ii) Hong Kong profits tax has not been provided as the Group did not generate any assessable profits in Hong Kong during the year. Taxes on overseas profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.
- (iii) The applicable income tax rate are 25% for the Group's subsidiaries generally. Certain of the Company's PRC subsidiaries are entitled to small and micro entity tax credit, which enjoys the 20% tax rate and a 50% deduction of taxable income.
- (iv) It mainly represented the tax effect of the fair value loss on financial assets at FVPL for the year ended 31 December 2021 is not deductible for tax purpose.

12. LOSS PER SHARE

(a) Basic loss per share

	Year ended 31 December	
	2021	2020
Loss attributable to owners of the Company (in RMB thousand)	(438,043)	(75,116)
Weighted average number of ordinary shares in issue (thousands)	2,494,612	2,494,521
Basic loss per share (RMB per share)	<u>(0.18)</u>	<u>(0.03)</u>

(b) Diluted loss per share

	Year ended 31 December	
	2021	2020
Loss (in RMB thousands) Loss attributable to owners of the Company	(438,043)	(75,116)
Weighted average number of ordinary shares (thousands) Weighted average number of ordinary shares in issue Adjustments for awarded shares	2,494,612 –	2,494,521 91
Weighted average number of ordinary shares for diluted loss per share	<u>2,494,612</u>	<u>2,494,612</u>
Diluted loss per share (RMB per share)	<u>(0.18)</u>	<u>(0.03)</u>

13. DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 31 December 2021.

The Board does not recommend any final dividend of the Company for the year ended 31 December 2021.

	<u>2021</u>	<u>2020</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Ordinary shares		
No interim dividend paid (2020: RMB0.0026) per ordinary share	–	6,487
No final dividend paid of 2020 (2019: RMB0.0143) per ordinary share	–	35,639
	<u>–</u>	<u>42,126</u>

14. INVESTMENT PROPERTIES

	Buildings	Right-of-use assets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2020			
As at 1 January 2020	1,135,250	1,571,100	2,706,350
Capitalised subsequent expenditure	30,664	13,687	44,351
Net losses from fair value adjustment	(30,365)	(118,775)	(149,140)
As at 31 December 2020	<u>1,135,549</u>	<u>1,466,012</u>	<u>2,601,561</u>
Year ended 31 December 2021			
As at 1 January 2021	1,135,549	1,466,012	2,601,561
Capitalised subsequent expenditure	4,407	43,241	47,648
Transfer to lease receivables	–	(45,572)	(45,572)
Net losses from fair value adjustment	(67,556)	(148,303)	(215,859)
As at 31 December 2021	<u>1,072,400</u>	<u>1,315,378</u>	<u>2,387,778</u>

Notes:

- (i) The Group's investment properties are located in Shenzhen, Lufeng, Haifeng, Luhe and Xingning of the Guangdong Province of the PRC.

The fair value of the Group's investment properties falls under level 3 in the fair value hierarchy.

- (ii) As at 31 December 2021, certain buildings were pledged to secure against certain long-term bank borrowings (Note 21(i)).

15. PROPERTY, PLANT AND EQUIPMENT

	Other property, plant and equipment <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2020			
As at 1 January 2020	251,655	51,731	303,386
Additions	2,895	–	2,895
Depreciation charge	(8,037)	(12,844)	(20,881)
Disposals	(1,738)	(29,845)	(31,583)
	<u>244,775</u>	<u>9,042</u>	<u>253,817</u>
As at 31 December 2020	244,775	9,042	253,817
Year ended 31 December 2021			
As at 1 January 2021	244,775	9,042	253,817
Additions	5,512	5,544	11,056
Depreciation charge	(7,018)	(7,023)	(14,041)
Disposals	(7,299)	(2,931)	(10,230)
	<u>235,970</u>	<u>4,632</u>	<u>240,602</u>
As at 31 December 2021	235,970	4,632	240,602

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unlisted equity securities	Listed equity securities	Total
	<i>RMB'000</i>	<i>(Note a)</i> <i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December			
As at 1 January 2020	4,288	318,372	322,660
Fair value change recognised in profit or loss <i>(Note 7)</i>	–	(64,107)	(64,107)
Foreign exchange differences	(268)	–	(268)
As at 31 December 2020	<u>4,020</u>	<u>254,265</u>	<u>258,285</u>
As at 1 January 2021	4,020	254,265	258,285
Fair value change recognised in profit or loss <i>(Note 7)</i>	–	(157,134)	(157,134)
Currency translation difference	(96)	–	(96)
As at 31 December 2021	<u>3,924</u>	<u>97,131</u>	<u>101,055</u>

Note:

- (a) The balance represents investment in 1,320,000,000 ordinary shares of TFG International Group Limited (“TFG”), accounting for approximately 19% of the total issued share capital of TFG. This investment is recognised as financial assets at FVPL.

17. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

				As of 31 December 2021		
		Current	Non-current	Total		
Notes		RMB'000	RMB'000	RMB'000		
Trade receivables	(a)	2,885	–	2,885		
Amounts due from related parties (Note 5(a))		194,240	209,192	403,432		
Trade receivables		194,240	209,192	403,432		
Receivables from operating leases	(b)	27,165	85,623	112,788		
Receivables from finance leases	(c)	26,358	150,462	176,820		
Interest receivables		260	–	260		
Receivable from a trustee for the share purchase for the employees' share award scheme		58	–	58		
Lease deposits		5,160	20,970	26,130		
Value-added tax recoverable		21,194	–	21,194		
Other receivables		21,972	–	21,972		
		299,292	466,247	765,539		
Less: provision for impairment loss allowance		(69,160)	–	(69,160)		
Financial assets at amortised cost		230,132	466,247	696,379		
Prepayments	(e)	–	64,019	64,019		
Total trade and other receivables		230,132	530,266	760,398		

				As at 31 December 2020		
		Current	Non-current	Total		
Notes		RMB'000	RMB'000	RMB'000		
Trade receivables	(a)	1,716	–	1,716		
Amounts due from related parties (Note 5(a))		20,000	418,092	438,092		
Trade receivables		20,000	418,092	438,092		
Receivables from operating leases	(b)	53,526	57,315	110,841		
Receivables from finance leases	(c)	20,994	134,655	155,649		
Interest receivables		296	–	296		
Receivable from a trustee for the share purchase for the employees' share award scheme		53	–	53		
Lease deposits		9,217	17,003	26,220		
Other receivables		35,099	–	35,099		
		140,901	627,065	767,966		
Less: provision for impairment loss allowance		(39,777)	–	(39,777)		
Financial assets at amortised cost		101,124	627,065	728,189		
Prepayments	(d), (e)	144,163	85,587	229,750		
Total trade and other receivables		245,287	712,652	957,939		

Notes:

(a) Trade receivables

The trade receivables are receivables of sales from corporate customers.

The aging analysis of the trade receivables of the Group based on invoice date is as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
0 – 30 days	2,885	1,716

The Group applies the IFRS simplified approach to measure expected credit losses which were a lifetime expected loss allowance for all trade receivables. As at 31 December 2021, no impairment loss allowance was made based on the management's assessment (2020: nil).

All trade receivables are denominated in RMB and their fair values approximated their carrying amounts as at 31 December 2021.

(b) Right-of-use assets for property leases which had been subleased out under operating leases were recognised as receivables from operating leases, including the accrual on rental income based on the straight-line method.

The aging analysis of receivables from operating leases of the Group based on invoice date is as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Current	71,059	66,164
0 – 30 days	3,004	4,637
31 – 90 days	5,010	8,083
91 – 365 days	18,970	26,394
More than 365 days	14,745	5,563
	112,788	110,841

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9. As at 31 December 2021, a provision of RMB67,066,000 (2020: RMB37,790,000) was made against the gross amount of receivables from operating leases.

- (c) Right-of-use assets for property leases which had been subleased out under financing leases were recognised as receivables from finance leases.

The table below analyses the Group's gross investment in finance leases by relevant maturity groupings at the end of each reporting period:

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Finance lease receivables	188,331	173,994
Unguaranteed residual values	22,432	22,432
Gross investment in finance leases	210,763	196,426
Less: unearned finance income	(33,943)	(40,777)
Net investment in finance leases	176,820	155,649
Less: accumulated allowance for impairment	(1,343)	(1,236)
Finance lease receivables – net	175,477	154,413

The table below analyses the Group's gross investment in finance leases by relevant maturity groupings at the end of each reporting period:

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Gross investment in finance leases		
Within 1 year	29,574	29,846
Between 1 and 2 years	30,144	25,561
Between 2 and 3 years	30,304	25,969
Between 3 and 4 years	30,719	25,969
Between 4 and 5 years	27,366	26,210
Later than 5 years	62,656	62,871
	210,763	196,426

- (d) On 21 November 2019, Shenzhen Shirble Enterprise Management Company Limited (the “**Purchaser**”), a wholly-owned subsidiary of the Group, Zhuhai Xiangqi Real Estate Development Company Limited (the “**Vendor**”), and Zhuhai Xiangyao Real Estate Development Company Limited (“**Zhuhai Xiangyao**”) entered into a capital injection and acquisition agreement (the “**Acquisition Agreement**”), pursuant to which (i) the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the entire equity interest in the Zhuhai Xiangyao for the consideration of RMB38,000,000 and (ii) the Purchaser has agreed to inject the capital of RMB40,000,000 into Zhuhai Xiangyao. The acquisition was completed in 2021.
- (e) As at 31 December 2021 and 2020, RMB62,950,000 of deposit for the acquisition of the land was included in the non-current portion of prepayments. Save for abovementioned, the remaining balance of the non-current portion of prepayment represented the Group’s cash paid to third parties for the purchase of property, plant and equipment and intangible assets.

18. PROPERTIES HELD FOR SALE

	As at 31 December	
	<u>2021</u>	<u>2020</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of properties held for sale	<u>384,622</u>	–
Less: provision of impairment (<i>Note 7</i>)	<u>(34,622)</u>	–
	<u>350,000</u>	<u>–</u>

On 21 November 2019, the Group entered into a capital injection and acquisition agreement to purchase the entire equity interest in Zhuhai Xiangyao. In 2021, as the Group completed the acquisition of Zhuhai Xiangyao, the properties held for sale of RMB384,622,000 was recognised. (Note 17(d)).

For the year ended 31 December 2021, an impairment loss of RMB34,622,000 was recognised for properties held for sale.

As at 31 December 2021, the properties held for sale of RMB350,000,000 were pledged to secure against certain long-term bank borrowing (note 21).

19. TRADE AND OTHER PAYABLES

	<i>Note</i>	As at 31 December	
		2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
Lease deposits		94,533	84,076
Other tax payables		44,761	43,962
Accrued wages and salaries		9,614	15,453
Trade payables	(i)	5,440	1,346
Accrual for legal claims		656	6,311
Amount due to a related party		242	211
Other payables and accruals		52,656	35,399
		207,902	186,768

Notes:

- (i) The aging analysis of the trade payables of the Group based on invoice date is as follows:

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
0 – 30 days	5,440	1,346

- (ii) All trade and other payables are denominated in RMB and their fair values approximated their carrying amounts as at 31 December 2021.

20. CONTRACT LIABILITIES

	<i>Note</i>	As at 31 December	
		2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
Advances received from customers	(i)	32,109	57,029
Deferred income	(ii)	759	3,846
		32,868	60,875

Notes:

- (i) The amount mainly represented the carrying amount of unredeemed awarded credits.
- (ii) The amount mainly represented cash received for prepaid cards sold.

21. BORROWINGS

	Note	As at 31 December	
		2021	2020
		RMB'000	RMB'000
Non-current			
Secured long-term bank borrowings	(i) (ii)	540,939	266,550
Current			
Current portion of secured long-term bank borrowings	(i)	20,518	26,667
Secured short-term borrowing	(iii)	95,394	78,836
		115,912	105,503
		656,851	372,053

Notes:

- (i) The Group's long-term bank borrowings were denominated in RMB and secured by certain buildings (Note 14(ii)). During the year ended 31 December 2021, the weighted average effective interest rate was 6.47% (2020: 6.54%) per annum.
- (ii) Zhuhai Xiangyao has existing secured long-term bank loan amounting to RMB254,060,000 which will be settled by the Group, and secured by property held for sale at the fair value of RMB350,000,000 (Note 18). During the year ended 31 December 2021, the weighted average effective interest rate was 5.72% per annum.
- (iii) As at 31 December 2021 and 2020, the secured short-term borrowing was denominated in RMB, secured by certain buildings and was repayable within one year. During the year ended 31 December 2021, the weighted average effective interest rate was 6.55% (2020:6.5%) per annum.
- (iv) At 31 December 2021, the Group's bank and other borrowings were repayable as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Within 1 year	115,912	105,503
Between 1 and 2 years	274,578	26,667
Between 2 and 5 years	216,361	40,000
Over 5 years	50,000	199,883
	656,851	372,053

- (v) The carrying amounts of the bank and other borrowings approximated their fair values as these borrowings are mainly floating-rate borrowings.

22. COMMITMENTS

(a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	<i>Note</i>	As at 31 December	
		2021	2020
		RMB'000	RMB'000
Purchases of property, plant and equipment		6,836	24,535
Acquisition of land	(i)	189,650	189,650
Acquisition of a subsidiary (<i>Note 17(d)</i>)		–	279,820
		196,486	494,005

Note:

- (i) On 14 December 2018, Xuyi Shirble, a non-wholly owned subsidiary of the Group, has successfully bid the tender to acquire ten parcels of land use rights in Xuyi, Jiangsu Province, the PRC, for a total consideration of RMB252,600,000. Xuyi Shirble has paid RMB62,950,000 as the deposit for the acquisition of the land as at 31 December 2021.

(b) Non-cancellable operating leases – the Group as the lessor

The future aggregate minimum lease receipts under non-cancellable operating leases are as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Buildings:		
Within 1 year	216,569	240,085
Between 1 and 2 years	198,464	220,507
Between 2 and 3 years	174,400	184,331
Between 3 and 4 years	151,373	165,823
Between 4 and 5 years	134,202	149,572
Later than 5 years	250,302	432,450
	1,125,310	1,392,768

II. MANAGEMENT DISCUSSION AND ANALYSIS

The COVID-19 pandemic has swept the world since the end of 2019 and resulted in severe difficulties in the global economy. The pandemic has profound impact on the business operations in many industries. Following a strong rebound in the first half of 2021, the economic activities in China slowed down rapidly during the second half of the year. The economic slowdown was partly due to the significant fiscal and regulatory tightening on the financial and real estate sectors, while the recurring outbreaks of the new COVID-19 variant, Omicron, complicated the normalisation of most of the economic activities. This resulted in a sharp slowdown in investment and recovery in private consumption.

According to the National Bureau of Statistics of China (“NBS”), the gross domestic product (“GDP”) of the PRC in 2021 was RMB114.4 trillion, representing an increase of 8.1% from the last year. For the national consumer price index (CPI), a 0.9% increase was recorded for 2021 as compared to last year.

BUSINESS REVIEW OF THE GROUP

The Group’s operating results are presented in two reportable operating segments, namely (a) department store business; (b) property business; and (c) others. For the year ended 31 December 2021, the Group recorded revenue of RMB230.1 million (2020: RMB481.1 million). Loss attributable to owners of the Company was RMB438.0 million (2020: loss of RMB75.1 million). The deterioration in the performance of the Group was primarily due to the following factors: (a) no revenue was derived from the business segment of the provision of property development consulting service during the year ended 31 December 2021 following the termination of two property development consultancy agreements on 30 December 2020; (b) the fair value losses of RMB157.1 million on the listed equity securities at fair value through profit or loss arising from the equity holding of 1,320,000,000 ordinary shares of TFG International Group Limited (stock code: 00542); and (c) the fair value losses in relation to the investment properties held by the Group and the impairment losses on properties held for sale.

Department store business

Over the years, the Group has been working to transform its department store premises into “Shirble Plaza”, a one-stop shopping mall concept, to meet the demand of the middle-class population in the PRC for high-quality food, merchandise and services. The Group continues to upgrade and transform its traditional department store business into an integrated retail business model for the purpose of improving the customers’ shopping experience to grow the business of the Group.

Also, as part of the efforts to transform its department stores, the Group has created for its customers diversified consumption experiences and provided them with choices in one-stop shopping, dining, entertainment, leisure, children activities and community services to meet their preferences for diverse products and services. The Group had started with the basics to improve the quality of the services. It also continues to look for opportunities to work with different strategic partners for the purpose of creating synergies that can enhance our business performance. Furthermore, given the growing popularity of online sales and marketing and also driven by the pandemic, the Group explored different online platforms including opening official WeChat accounts and mobile shopping mini programs for promoting and stimulating consumers' enthusiasm. These moves are expected to attract more customers to visit the Group's stores, increase the customer patronage and enhance the shopping experience and continue to attract and retain new customers.

As at 31 December 2021, the Group owned and/or operated 16 department stores with a total gross floor area of 301,030.1 sq.m.

Property business

The Group completed an acquisition of a parcel of land in Jinwan District, Zhuhai through an equity acquisition entered into in November 2019. The land has been developed into a two-building complex and the completion certificate was issued in 2021, thus sale could start as and when appropriate.

BUSINESS OUTLOOK

China maintains its COVID-19 strategy with continuous targeted containment measures by broad-based and long-lasting restrictions to reacting the recent virus mutations. Continuous disruptions to general economic activities are expected. As such, it is expected that a challenging economic environment will continue and the consumption will gradually resume after the labour market becomes stable and the consumer confidence has been restored.

A severe and prolonged downturn in the highly leveraged property sector poses another risk which could have significant economy-wide impacts. With the China's authorities focusing on reining in financial risks in the property sector, real estate investment is expected to remain subdued. Hence the Group has slowed down the property projects and continues to focus on the sustainable development of the retail business.

Looking ahead, the Group will consolidate its resources, strengthen the management and also adopt prudent business strategies to mitigate the pressure from the slowdown of economy. The Group will continue to focus on the retail business and to fully realise product diversification and digitisation of the services, thereby enhancing the customers' shopping experiences.

III. FINANCIAL REVIEW

The Group's operating results for the year ended 31 December 2021 are presented in two reportable segments, namely (i) department store business; (ii) property business; and (iii) others.

(a) The Group

The Directors consider that the COVID-19 pandemic has a profound impact on the global business and the economic outlook at large, and both the PRC property market and retail business market have been affected. While the Group generated all its revenue (indirectly and directly) from these markets, the overall financial results of the Group has been inevitably affected.

Revenue of the Group amounted to RMB230.1 million for the year ended 31 December 2021, representing a decrease of 52.2% as compared to RMB481.1 million for the year ended 31 December 2020. Revenue contributed from the department store business for the year ended 31 December 2021 amounted to RMB230.1 million, while no revenue was contributed from the property business during the year. For the year ended 31 December 2020, the revenue contribution from the department store business amounted to RMB254.2 million or 52.8% of the Group's total revenue, while the revenue contribution from the property business amounted to RMB226.9 million or 47.2% of the Group's total revenue.

Loss attributable to owners of the Company amounted to RMB438.0 million and RMB75.1 million for the year ended 31 December 2021 and 2020, respectively. Analysis on the fluctuations of different segments of the Group is detailed in the following sub-sections.

(b) Department store business segment

Set forth below is the segmental information of the Group's department store business for the year ended 31 December 2021, together with the comparative figures for 2020:

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	230,118	254,200
Other operating revenue	32,492	43,534
Other gains – net	20,354	49,370
Fair value adjustment on investment properties	(215,859)	(149,140)
Purchase of and changes in inventories	(10,365)	(15,097)
Employee benefit expenses	(50,576)	(62,185)
Depreciation and amortisation expenses	(12,962)	(15,313)
Net impairment losses on financial assets	(29,383)	(39,026)
Other operating expenses, net	(95,343)	(96,240)
Operating loss	(131,524)	(29,897)
Finance income	9,999	11,639
Finance costs	(71,418)	(76,413)
Finance costs – net	(61,419)	(64,774)
Share of losses of an associate	–	(213)
Loss before income tax	(192,943)	(94,884)
Income tax credit	25,063	14,149
Loss for the year	(167,880)	(80,735)

Revenue

Revenue breakdown of the Group's department store business for the two years ended 31 December 2021 and 2020 were as follows:

	Year ended 31 December		Percentage of department store's revenue of the Group	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	%	%
Rental income	208,912	213,618	90.8	84.0
Direct sales	10,971	15,847	4.8	6.2
Commission from concessionaire sales	295	381	0.1	0.1
Income from reversal of long-aged pre-paid gift cards and unredeemed awarded credits	9,940	24,354	4.3	9.7
Total	230,118	254,200	100.0	100.0

Due to the continuous outbreak of COVID-19, the overall revenue from the Group's department store business decreased by 9.5%, from RMB254.2 million in 2020 to RMB230.1 million in 2021. Major revenue streams also changed, with (i) rental income decreased by 2.2% to RMB208.9 million in 2021 from RMB213.6 million in 2020; (ii) direct sales decreased by 30.4% to RMB11.0 million in 2021 from RMB15.8 million in 2020; and (iii) income from reversal of long-aged unredeemed pre-paid cards and membership card reward points, amounted to decreased by 59.4% to RMB9.9 million in 2021 from RMB24.4 million in 2020. The decrease was mainly due to an one-off income of RMB17.2 million recognized from the reversal of long-aged unredeemed awarded credits in 2020.

Other operating revenue

Other operating revenue decreased by 25.3% to RMB32.5 million for the year ended 31 December 2021 from RMB43.5 million in 2020, due to the decrease in promotion, administration and management income.

Other gains – net

Other gains – net amounted to RMB20.4 million for the year ended 31 December 2021, as compared with other gains – net of RMB49.4 million in 2020, representing primarily the compensation income of RMB15.5 million.

Fair value adjustment on investment properties

Fair value losses on investment properties increased to RMB215.9 million for the year ended 31 December 2021 from RMB149.1 million in 2020, mainly due to the continuous outbreak of COVID-19.

Purchase of and changes in inventories

Purchase of and changes in inventories amounted to RMB10.4 million for the year ended 31 December 2021, representing a decrease of 31.1% as compared with RMB15.1 million in 2020, which was in line with the decrease in direct sales. Purchase of and changes in inventories accounted for 94.5% of the Group's direct sales for the year ended 31 December 2021 as compared with 95.6% in 2020.

Employee benefit expenses

Employee benefit expenses decreased by 18.7% to RMB50.6 million for the year ended 31 December 2021 from RMB62.2 million in 2020, primarily due to the streamline of labour force.

Depreciation and amortisation expenses

Depreciation and amortisation expenses decreased by 15.0% to RMB13.0 million for the year ended 31 December 2021 from RMB15.3 million in 2020 mainly due to the relocation of Shenzhen head office.

Other operating expenses, net

Other operating expenses, which principally comprised of utility expenses, advertising, marketing, promotion and related expenses, other tax expenses, bank charges, exchange differences and maintenance expenses, remained stable at RMB95.3 million for the year ended 31 December 2021 from RMB96.2 million in 2020.

Operating loss

As a result of the reasons mentioned above, the operating loss of the department store business segment amounted to RMB131.5 million for the year ended 31 December 2021 as compared to operating loss of RMB29.9 million in 2020.

Finance income

Finance income decreased by 13.8% to RMB10.0 million for the year ended 31 December 2021 as compared to RMB11.6 million in 2020, mainly due to the decrease in interest income from finance lease and bank deposits.

Finance costs

Finance costs decreased by 6.5% to RMB71.4 million for the year ended 31 December 2021 as compared to RMB76.4 million in 2020, mainly due to the decrease in interest expenses on operating leases as the lessee.

Income tax credit

Income tax credit amounted to RMB25.1 million and RMB14.1 million for the year ended 31 December 2021 and 2020 respectively.

Loss for the year

As a result of the aforementioned, loss attributable to the department store business segment amounted to RMB167.9 million for the year ended 31 December 2021, as compared with the loss of RMB80.7 million in 2020.

(c) **Property business segment**

Set forth below is the segmental information of the Group's property business for the year ended 31 December 2021, together with the comparative figures for 2020:

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	–	226,877
Other losses – net	(191,886)	(64,074)
Employee benefit expenses	(33,289)	(64,910)
Other operating expenses, net	(11,624)	(2,300)
Operating (loss)/profit	(236,799)	95,593
Finance income	1	–
Finance costs	(15,050)	(5,618)
Finance costs – net	(15,049)	(5,618)
(Loss)/profit before income tax	(251,848)	89,975
Income tax credit/(expense)	8,655	(46,244)
(Loss)/profit for the year	(243,193)	43,731

Revenue

No revenue was generated from the provision of property development consulting service during the year ended 31 December 2021 following the termination of two property development consultancy agreements with effect from 30 December 2020.

Other losses – net

Other net losses amounted to RMB191.9 million and RMB64.1 million for the year ended 31 December 2021 and 2020 respectively. For 2021, the losses mainly consisted of the net fair value losses on financial assets at fair value through profit or loss arising from the equity holding of 1,320,000,000 shares of TFG International Group Limited of RMB157.1 million and provision of impairment for properties held for sale of RMB34.6 million.

Employee benefit expenses

Employee benefit expenses decreased significantly by 48.7% to RMB33.3 million for the year ended 31 December 2021 from RMB64.9 million in 2020, mainly due to the deduction in the number of staff in 2021 resulting from the termination of two property development consultancy agreements.

Finance costs – net

Finance costs – net represented interest on bank borrowings amounting to RMB15.1 million for the year ended 31 December 2021 increased from RMB5.6 million in 2020, mainly due to the consolidation of its bank loans as a result of the completion of the acquisition of Zhuhai Xiangyao.

Income tax credit/(expense)

Income tax credit amounted to RMB8.7 million for the year ended 31 December 2021 as compare with income tax expense of RMB46.2 million in 2020.

Loss/(profit) for the year

As a result of the above, loss attributable to the property business segment amounted to RMB243.2 million for the year ended 31 December 2021, as compared to profit attributable to the property business segment of RMB43.7 million in 2020.

(d) Others segment

Others included mainly directors emoluments, staff costs and operating expenses incurred for headquarter or administrative purposes which were not directly attributable to any of the two business segments. For the year ended 31 December 2021, such costs and expenses amounted to RMB30.6 million as compared to RMB38.1 million for 2020, being a decrease of 19.7%.

IV. DIVIDEND

The Board has decided not to recommend any final dividend for the year ended 31 December 2021 (2020: Nil).

V. LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, the Group's cash and cash equivalents and restricted bank deposits amounted to RMB91.1 million, representing a decrease of 34.6% from RMB139.2 million as at 31 December 2020. The cash and cash equivalents and bank deposits, which were in RMB and Hong Kong dollars, were deposited with banks in the PRC and Hong Kong for interest income.

Borrowings

The Group had long-term and short-term borrowings of RMB561.5 million and RMB95.4 million, respectively as at 31 December 2021 (2020: long-term and short-term borrowings of RMB293.2 million and RMB78.8 million, respectively), mainly representing the secured bank borrowing denominated in RMB secured by the charge of properties in PRC.

Net current assets and net assets

The net current assets of the Group as at 31 December 2021 were RMB142.5 million (2020: RMB9.8 million). The net assets of the Group as at 31 December 2021 decreased to RMB1,677.9 million (2020: RMB2,118.8 million), representing a decrease of 20.8%.

Foreign exchange exposure

The business operation of the Group is primarily in the PRC with most of its transactions settled in RMB. Certain of the Group's cash and bank balances are denominated in Hong Kong dollars. For the year ended 31 December 2021, the Group recorded a net foreign exchange loss of RMB2.6 million. For the year ended 31 December 2020, the Group recorded a net foreign exchange loss of RMB4.9 million. The Group has not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure.

Employees and remuneration policy

As at 31 December 2021, the total number of employees of the Group was 327. The Group's remuneration policy is determined with reference to market conditions and the performance, qualifications and experience of individual employees. The Company has also introduced the key performance indicators assessment scheme to boost performance and operational efficiency.

Contingent liabilities

Certain suppliers, vendors and employees have commenced legal proceedings in the PRC against the Group in respect of disputes over contract terms. As of 31 December 2021, the legal proceedings were ongoing. The Group has made an accumulated provision of approximately RMB0.7 million (2020: RMB6.3 million), for any loss or damages that may be required to be paid by the Group. The Directors believe that such amount of provision is adequate to cover the Group's possible liabilities, under these claims.

Material acquisition and disposal of subsidiaries

Except for the completion of acquisition of Zhuhai Xiangyao, there were no material acquisition and disposal of subsidiaries and associated companies during the year under review.

VI. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

VII. CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining high standards of corporate governance. In the opinion of the Directors, throughout the year ended 31 December 2021, the Company has complied with the principles and applicable code provisions set out in the Corporate Governance Code contained in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) except for the following deviations from code provision C.2.1.

Code provision C.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. On 26 September 2021, Mr. YANG Ti Wei, the Chief Executive Officer of the Company, was re-designated from the Co-Chairman of the Board to the Deputy Chairman of the Board be responsible for the overall business management and operations of the Group and Ms. HUANG Xue Rong was appointed as the Chairlady of the Board and responsible for managing and providing leadership to the Board. Following the above changes, the Company has fully complied with the code provision C.2.1 of the Corporate Governance Code.

The internal audit department (the “**Internal Audit Department**”) of the Group has reported its findings and work plan to the audit committee (the “**Audit Committee**”) of the Company twice in a year, and the Board and the Audit Committee then reviewed and refined the Group's material controls, including financial, operational and compliance controls and risk management functions. The enhancement of the internal control measures will continue to be monitored by the Internal Audit Department and the Chief Executive Officer of the Group. The Internal Audit Department will periodically report their review and findings on the internal controls of the Group to the Audit Committee and the Board.

The Board, together with the Audit Committee, has also assessed the adequacy of resources, qualifications and experience of the staff of the Company's accounting and financial reporting and internal audit functions, and their training programs and budget.

VIII. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors’ securities transactions. Having made specific enquiries of all the Directors, the Company confirmed that they have complied with the Model Code during the year ended 31 December 2021.

IX. AUDIT COMMITTEE

As of the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely, Mr. TSANG Wah Kwong (Chairman), Mr. CHEN Fengliang and Mr. JIANG Hongkai. The Audit Committee has been established to review the financial reporting process and evaluate the effectiveness of internal control procedures (including financial, operational and compliance controls and risk management functions) of the Group.

During the year ended 31 December 2021, the Audit Committee held three regular meetings with the management, external auditor and internal control consultant to discuss on the Group’s auditing, internal controls and financial reporting matters, and to review on the Group’s internal control, audit planning, the interim results for the six months ended 30 June 2021 and the annual results for the year ended 31 December 2020.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2021.

X. SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group’s consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers (“**PwC**”), to the amounts set forth in the Group’s audited consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC on this preliminary announcement.

XI. CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting (the “**Annual General Meeting**”) will be held on 30 May 2022. The register of members of the Company will be closed from Wednesday, 25 May 2022 to Monday, 30 May 2022 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to determine the entitlement to attend and vote at the Annual General Meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F, Central Tower, 28 Queen’s Road Central, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 24 May 2022.

XII. PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the websites of the Stock Exchange and the Company. The annual report for the year ended 31 December 2021 containing all the information required by Appendix 16 to the Listing Rules will be despatched to the shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Shirble Department Store Holdings (China) Limited
YANG Ti Wei
*Deputy Chairman, Chief Executive Officer and
Executive Director*

Hong Kong, 29 March 2022

As at the date of this announcement, the Board comprises five members included Ms HUANG Xue Rong as the non-executive Director (Chairlady); Mr. YANG Ti Wei (Deputy Chairman and Chief Executive Officer) as the executive Director; and Mr. CHEN Fengliang, Mr. JIANG Hongkai and Mr. TSANG Wah Kwong as the independent non-executive Directors.