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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 2024**

The following sets forth a summary of the audited consolidated results of the Group for the FY2024:

- Revenue for the FY2024 was RMB200.3 million, representing a slight increase of 5.0%, as compared to RMB190.7 million for the FY2023;
- Operating loss for the FY2024 was RMB32.1 million, representing a significant improvement as compared to RMB356.3 million for the FY2023;
- Loss attributable to owners of the Company for the FY2024 was RMB33.8 million, as compared to RMB341.0 million for the FY2023;
- Basic loss per share for the FY2024 was RMB0.01, as compared to RMB0.14 for the FY2023; and
- Net asset value per share as of 31 December 2024 was RMB0.30, as compared to RMB0.31 as of 31 December 2023.

The Board has decided not to recommend any final dividend of the Company for the FY2024 (FY2023: Nil) as the Group still incurred operating loss for the year.

## FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

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 2024 (the “**FY2024**”), together with the comparative figures for the year ended 31 December 2023 (the “**FY2023**”).

### CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Year ended 31 December	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	5	200,295	190,666
Other operating revenue	6	27,686	29,886
Other gains/(losses) – net	7	17,526	(27,157)
Fair value losses on investment properties	14	(139,483)	(156,004)
Purchase of and changes in inventories	8	(11,571)	(6,667)
Employee benefit expenses	8,9	(36,874)	(34,127)
Depreciation and amortisation expenses	8	(2,355)	(3,632)
Net impairment losses on financial assets	8	(1,554)	(204,492)
Net impairment losses on prepayments	8	–	(62,950)
Other operating expenses – net	8	(85,813)	(81,861)
<b>Operating loss</b>		<b>(32,143)</b>	<b>(356,338)</b>
Finance income	10	6,779	18,476
Finance costs	10	(75,894)	(68,642)
Finance costs – net	10	(69,115)	(50,166)
<b>Loss before income tax</b>		<b>(101,258)</b>	<b>(406,504)</b>
Income tax credit	11	67,494	56,095
<b>Loss for the year</b>		<b>(33,764)</b>	<b>(350,409)</b>
<b>Loss attributable to:</b>			
Owners of the Company		(33,764)	(340,982)
Non-controlling interests		–	(9,427)
		<b>(33,764)</b>	<b>(350,409)</b>
<b>Loss per share for the loss attributable to owners of the Company</b> (expressed in RMB per share)			
– Basic and diluted	12	<b>(0.01)</b>	<b>(0.14)</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year	(33,764)	(350,409)
<b>Other comprehensive (loss)/income</b>		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	(1,322)	(2,185)
Changes in fair value of investment properties upon transfer, net of tax	–	20,654
<b>Other comprehensive (loss)/income for the year</b>	(1,322)	18,469
<b>Total comprehensive loss for the year</b>	(35,086)	(331,940)
<b>Attributable to:</b>		
Owners of the Company	(35,086)	(322,513)
Non-controlling interests	–	(9,427)
<b>Total comprehensive loss for the year</b>	(35,086)	(331,940)

## CONSOLIDATED BALANCE SHEET

		<b>As at 31 December</b>	
		<b>2024</b>	<b>2023</b>
<i>Note</i>		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
	Investment properties	14 <b>1,660,410</b>	1,798,132
	Property, plant and equipment	15 <b>20,713</b>	26,124
	Intangible assets	<b>216</b>	322
	Deferred income tax assets	<b>1,635</b>	2,236
	Other receivables and prepayments	17 <b>115,446</b>	120,397
		<b>1,798,420</b>	1,947,211
<b>Current assets</b>			
	Inventories	<b>2,749</b>	3,032
	Financial assets at fair value through profit or loss	16 <b>–</b>	4,350
	Trade receivables, other receivables and prepayments	17 <b>58,929</b>	65,062
	Properties held for sale	18 <b>253,000</b>	254,000
	Deferred income tax assets	<b>987</b>	1,594
	Restricted bank deposits	<b>12,340</b>	17,045
	Cash and cash equivalents	<b>43,091</b>	50,127
		<b>371,096</b>	395,210
	<b>Total assets</b>	<b>2,169,516</b>	2,342,421

		<b>As at 31 December</b>	
		<b>2024</b>	<b>2023</b>
<i>Note</i>		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>EQUITY</b>			
	Share capital	<b>213,908</b>	213,908
	Share premium	<b>750,992</b>	750,992
	Other reserves	<b>456,919</b>	458,241
	Accumulated losses	<b>(671,058)</b>	(637,294)
	<b>Total equity</b>	<b><u>750,761</u></b>	<b><u>785,847</u></b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
	Lease liabilities	<b>496,608</b>	590,432
	Deferred income tax liabilities	<b>88,176</b>	80,394
	Borrowings	<b>226,667</b>	63,333
		<b><u>811,451</u></b>	<b><u>734,159</u></b>
<b>Current liabilities</b>			
	Lease liabilities	<b>65,331</b>	53,681
	Trade and other payables	<b>148,822</b>	126,777
	Contract liabilities	<b>19,412</b>	28,136
	Borrowings	<b>331,387</b>	493,140
	Income tax payable	<b>42,352</b>	120,681
		<b><u>607,304</u></b>	<b><u>822,415</u></b>
	<b>Total liabilities</b>	<b><u>1,418,755</u></b>	<b><u>1,556,574</u></b>
	<b>Total equity and liabilities</b>	<b><u>2,169,516</u></b>	<b><u>2,342,421</u></b>

## 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 in The People's Republic of China (the "PRC").

### 2. BASIS OF PREPARATION

These annual financial statements for the year ended 31 December 2024 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and requirements of the Hong Kong Companies Ordinance ("HKCO") (Cap. 622).

#### Going concern basis

For the year ended 31 December 2024, the Group incurred a net loss attributable to owners of the Company of approximately RMB34 million and the cash outflow of approximately RMB7 million. As at 31 December 2024, the Group's current liabilities exceeded its current assets by approximately RMB236 million. The Group had cash and cash equivalents of approximately RMB43 million and a total of RMB558 million in bank borrowings, of which RMB331 million were current bank borrowings in the PRC.

In November 2023, a subsidiary of the Group (the "**Subsidiary**") failed to repay a secured bank loan of RMB254 million (the "**Bank Loan**"). Such Bank Loan is secured by a property held for sale (the "**Secured Property**") that owned by the Subsidiary and secured by guarantee provided by certain third-parties, who were the previous owners of the Secured Property. As at 31 December 2024, the principal of the bank loan was RMB254 million and accrued interest and penalties were RMB26 million. The Group intended to sell the Secured Property to repay the Bank Loan but has not yet been able to identify a buyer due to the property market condition. A court case in the PRC was filed by the bank on 8 April 2024 and the final judgement issued by the Zhuhai Intermediate People's Court on 16 December 2024 was concluded as follows:

- (i) the Subsidiary, which is a limited company established in the PRC, is required to repay to the bank the amount due together with the interests and penalties;
- (ii) the bank has the priority right to receive compensation from the proceeds from the disposal of or auction sale of the Secured Property;
- (iii) the bank may also request the third party guarantors of Bank Loan to settle the amount due under the final judgement on a joint and several basis.

The above conditions indicated the existence of a material uncertainty which may cast a significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company (the “**Directors**”) have given careful consideration to the future liquidity and operating performance of the Group and its available sources of financing to assess whether the Group will have sufficient financial resources to fulfil its financial obligations to continue as a going concern. The following plans and measures have been taken to mitigate the liquidity pressure and to improve its financial position, including but not limited to those described below:

- (i) Given the fact that there is no guarantee provided by the Group to the Bank Loan, based on the legal opinion provided by a PRC legal adviser to the Company, the Directors are of the view that the default in repayment would not have material adverse impact on the business operations of the Group as a whole. The Board is also of the view that the Subsidiary can dispose of the Secured Property to generate sufficient amount of fund for the settlement of the Bank Loan;
- (ii) the Group will continue to implement plans and measures to improve the operation performance of the department store business to generate operating cash inflow; and
- (iii) the Group believes that the existing available facilities of RMB49 million together with the Group’s ability to obtain new banking facilities with the Group’s assets which are available to be pledged as security will provide sufficient funding to the Group’s operation, as and when needed. The Group will also consider to further dispose of other assets to generate more cash inflows, as and when needed.

The Directors have reviewed the Group’s cash flow projections, which cover a period not less than 12 months from 31 December 2024. In the opinion of the Directors, in light of the above and taking into account the anticipated cash flows to be generated from the Group’s operations as well as the above plans and measures, the Group will have sufficient financial resources to satisfy its future working capital requirements in the 12 months immediately after 31 December 2024. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, a material uncertainty exists 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 Group’s ability to generate adequate cash flows through:

- (i) Successful disposal of the Secured Property, and collection of sales proceeds to satisfy the repayment of the Bank Loan;
- (ii) Successful implementation of the plans and measures to improve the operation performance of the department store business to generate operating cash inflow;
- (iii) Success in obtaining new banking facilities and/or generate cash inflow from disposal of the Group’s assets, as and when needed.

Should the Group be unable to achieve the above plans and measures such that it would not be able to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group’s assets to their recoverable amounts, to recognize further financial liabilities which might arise with higher interest rate, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. Such adjustments have not been reflected in these consolidated financial statements.

### 3. CHANGES IN ACCOUNTING POLICIES

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

The Group has applied the following new standard and amendments to existing standards for the first time for their annual reporting period commencing 1 January 2024:

Amendments to International Accounting Standards (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 Accounting Standards 7	Supplier finance arrangements
Amendments to IFRS Accounting Standards 16	Lease liability in a sale and leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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



**(b) New 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.

		<b>Effective for annual periods beginning on or after</b>
Amendments to IAS 21	Lack of exchangeability	1 January 2025
Amendments to IFRS Accounting Standards 9 and IFRS Accounting Standards 7	Amendments to the Classification and Measurement of Financial Instruments – Amendments	1 January 2026
Annual Improvements to IFRS Accounting Standards	Volume 11	1 January 2026
IFRS Accounting Standards 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS Accounting Standards 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS Accounting Standards 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The above new standards and amendments to existing standards are effective for annual periods beginning after 1 January 2025 and have not been applied in preparing these consolidated financial statements. The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and positions of the Group is expected when they become effective.

#### 4. SEGMENT INFORMATION

The chief operating decision-makers are the Board that makes strategic decisions, and reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

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

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

The Board assesses the performance of the operating segments based on a measure of net profit. At the Group level, 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 the PRC. No geographical information is therefore presented.

The segment information is as follows:

	<b>Year ended 31 December 2024</b>		
	<b>Department store business RMB'000</b>	<b>Others RMB'000</b>	<b>Group RMB'000</b>
<b>Revenue</b>	<b>200,295</b>	<b>–</b>	<b>200,295</b>
Revenue from contracts with customers			
At a point in time	12,790	–	12,790
Revenue from other sources			
Rental income	187,505	–	187,505
Other operating revenue	27,150	536	27,686
Other gains/(losses) – net	25,400	(7,874)	17,526
Fair value loss on investment properties	(139,483)	–	(139,483)
Purchase of and changes in inventories	(11,571)	–	(11,571)
Employee benefit expenses	(31,800)	(5,074)	(36,874)
Depreciation and amortisation expenses	(1,988)	(367)	(2,355)
Net impairment losses on financial assets	(550)	(1,004)	(1,554)
Other operating expenses – net	(84,872)	(941)	(85,813)
<b>Operating loss</b>	<b>(17,419)</b>	<b>(14,724)</b>	<b>(32,143)</b>
Finance income	6,219	560	6,779
Finance costs	(54,488)	(21,406)	(75,894)
Finance costs – net	(48,269)	(20,846)	(69,115)
<b>Loss before income tax</b>	<b>(65,688)</b>	<b>(35,570)</b>	<b>(101,258)</b>
Income tax (expenses)/credit	(58)	67,552	67,494
<b>(Loss)/Profit for the year</b>	<b>(65,746)</b>	<b>31,982</b>	<b>(33,764)</b>

Year ended 31 December 2023

	Department store business <i>RMB'000</i>	Others <i>RMB'000</i>	Group <i>RMB'000</i>
<b>Revenue</b>	190,666	–	190,666
Revenue from contracts with customers			
At a point in time	7,727	–	7,727
Revenue from other sources			
Rental income	182,939	–	182,939
Other operating revenue	29,886	–	29,886
Other gains/(losses) – net	57,486	(84,643)	(27,157)
Fair value loss on investment properties	(156,004)	–	(156,004)
Purchase of and changes in inventories	(6,667)	–	(6,667)
Employee benefit expenses	(27,715)	(6,412)	(34,127)
Depreciation and amortisation expenses	(3,198)	(434)	(3,632)
Net impairment losses on financial assets	(3,328)	(201,164)	(204,492)
Net impairment losses on prepayment	–	(62,950)	(62,950)
Other operating expenses – net	(78,002)	(3,859)	(81,861)
<b>Operating profit/(loss)</b>	3,124	(359,462)	(356,338)
Finance income	9,279	9,197	18,476
Finance costs	(53,062)	(15,580)	(68,642)
Finance costs – net	(43,783)	(6,383)	(50,166)
<b>Loss before income tax</b>	(40,659)	(365,845)	(406,504)
Income tax credit	7,922	48,173	56,095
<b>Loss for the year</b>	(32,737)	(317,672)	(350,409)

## 5. REVENUE

	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Rental income	<b>187,505</b>	182,939
Direct sales	<b>12,328</b>	7,396
Commission from concessionaire sales	<b>462</b>	331
	<b>200,295</b>	<b>190,666</b>

There was one single customer contributing over 10% of the Group's total revenue for the years ended 31 December 2024 and 2023.

## 6. OTHER OPERATING REVENUE

	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Promotion, administration and management income	<b>26,985</b>	22,681
Credit card handling fees for concessionaire sales	<b>16</b>	516
Government grant	<b>685</b>	6,689
	<b>27,686</b>	<b>29,886</b>

## 7. OTHER GAINS/(LOSSES) – NET

	<i>Note</i>	<b>Year ended 31 December</b>	
		<b>2024</b>	<b>2023</b>
		<b>RMB'000</b>	<b>RMB'000</b>
Gains from modification of leases	<i>(a)</i>	<b>37,829</b>	30,593
(Losses)/gains from write-off of long aging prepayments and trade and other payables	<i>(b)</i>	<b>(5,354)</b>	25,186
Net gains on disposal of subsidiaries	<i>(c)</i>	<b>–</b>	7,245
Deposits forfeited for terminated lease agreements		<b>437</b>	2,588
Provision of impairment for properties held for sale ( <i>Note 18</i> )		<b>(1,000)</b>	(96,000)
Losses on disposal of property, plant and equipment		<b>(2,609)</b>	(121)
Provision for legal claims		<b>(5,546)</b>	–
Fair value changes recognized in FVPL ( <i>Note 16</i> )		<b>(4,350)</b>	–
Others		<b>(1,881)</b>	3,352
		<b>17,526</b>	<b>(27,157)</b>

*Notes:*

- (a) A net gains of RMB37,829,000 was recognized in 2024 mainly due to that the Group and the lessor of two Stores entered into the supplementary lease agreement for rent reduction. The gains resulted from the derecognition of related lease liabilities as the lessee. A net gain of RMB30,593,000 was recognized in 2023, mainly as the Group and the lessor of Xingning Store entered into the supplementary lease agreement for rent reduction. The gain resulted from the derecognition of lease liabilities as leasee.
- (b) These long aging prepayments and trade and other payables are beyond the legal retroactive period and are not expected to be used or paid in the future.
- (c) A net gain of RMB7,245,000 was recognized upon disposals of two subsidiaries in October 2023.

**8. EXPENSES BY NATURE**

	<i>Note</i>	<b>Year ended 31 December</b>	
		<b>2024</b>	<b>2023</b>
		<b>RMB'000</b>	<b>RMB'000</b>
Purchase of and changes in inventories		<b>11,571</b>	6,667
Employee benefit expenses	9	<b>36,874</b>	34,127
Depreciation and amortisation expenses		<b>2,355</b>	3,632
Net impairment losses on financial assets		<b>1,554</b>	204,492
Net impairment losses on prepayments		–	62,950
Utilities		<b>58,021</b>	59,724
Business travel expenses		<b>450</b>	548
Other tax expenses		<b>9,099</b>	5,655
Office expenses		<b>1,776</b>	1,804
Advertising costs		<b>443</b>	688
Cleaning fee		<b>2,507</b>	2,630
Auditor's remuneration			
– Audit services		<b>1,380</b>	2,350
– Other services		<b>600</b>	800
Bank charges		<b>136</b>	161
Transportation expenses		<b>20</b>	34
Net foreign exchange gains		<b>(1,487)</b>	(5,142)
Other expenses		<b>12,868</b>	12,609
Total expenses		<b>138,167</b>	393,729

## 9. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Wages and salaries	<b>31,348</b>	29,335
Social security costs	<b>3,444</b>	3,341
Severance payment	<b>2,082</b>	1,451
Total employee benefit expenses	<b><u>36,874</u></b>	<u>34,127</u>

## 10. FINANCE INCOME AND COSTS

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income		
Interest income from finance leases	<b>5,893</b>	8,858
Interest income from related party	–	8,473
Interest income from bank deposits	<b>886</b>	1,145
	<b><u>6,779</u></b>	<u>18,476</u>
Finance costs		
Interest expenses on operating leases as the lessee	<b>(33,652)</b>	(33,228)
Interest expenses on bank loans	<b>(42,242)</b>	(35,414)
	<b><u>(75,894)</u></b>	<u>(68,642)</u>
Finance costs – net	<b><u>(69,115)</u></b>	<u>(50,166)</u>

## 11. INCOME TAX CREDIT

	<b>Year ended 31 December</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Current income tax		
– PRC corporate income tax	<b>(76,484)</b>	(81,922)
Deferred income tax	<b>8,990</b>	25,827
	<b>(67,494)</b>	(56,095)

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>	<b>Year ended 31 December</b>	
		<b>2024</b>	2023
		<b>RMB'000</b>	RMB'000
Loss before income tax		<b>(101,258)</b>	(406,504)
Tax calculated at a tax rate of 25% (2023: 25%)		<b>(25,315)</b>	(101,626)
Tax impact of:			
– Expenses not deductible for tax purposes		<b>380</b>	73
– Unrecognized temporary differences	<i>(d)</i>	<b>250</b>	24,000
– Utilized and unrecognized tax losses		<b>(42,809)</b>	21,458
Income tax credit		<b>(67,494)</b>	(56,095)

*Notes:*

- (a) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.
- (b) 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.
- (c) The applicable income tax rate is 25% for the Group's subsidiaries generally.
- (d) The difference mainly is caused by the impairment of Zhuhai Xiangyao Real Estate Development Company's ("Zhuhai Xiangyao") properties held for sale.
- (e) The Group is not in the scope of the OECD Pillar Two model rules.

## 12. LOSSES PER SHARE

### (a) Basic losses per share

	<u>Year ended 31 December</u>	
	<u>2024</u>	<u>2023</u>
Losses attributable to owners of the Company (in RMB thousand)	(33,764)	(340,982)
Weighted average number of ordinary shares in issue (thousands)	<u>2,495,000</u>	<u>2,495,000</u>
Basic losses per share (RMB per share)	<u>(0.01)</u>	<u>(0.14)</u>

- (b) The Group had no potentially dilutive ordinary shares in issue during this year, so the diluted earnings per share equals the basic earnings per share.

## 13. DIVIDENDS

No dividend has been paid or declared by the Company during the years ended 31 December 2024 and 2023.

The Board has decided not to recommend any final dividend of the Company for the year ended 31 December 2024.



## 14. INVESTMENT PROPERTIES

	<b>Buildings</b>	<b>Right-of-use assets</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Year ended 31 December 2023</b>			
<b>As at 1 January 2023</b>	1,047,600	637,647	1,685,247
Capitalised subsequent expenditure	4,981	743	5,724
Transfer from property, plant and equipment	199,200	–	199,200
Transfer from lease receivable	–	30,274	30,274
Transfer to lease receivables	–	(16,777)	(16,777)
Addition upon lease extension	–	50,468	50,468
Net losses from fair value adjustment	(97,151)	(58,853)	(156,004)
<b>As at 31 December 2023</b>	<b>1,154,630</b>	<b>643,502</b>	<b>1,798,132</b>
<b>Year ended 31 December 2024</b>			
<b>As at 1 January 2024</b>	<b>1,154,630</b>	<b>643,502</b>	<b>1,798,132</b>
Capitalised subsequent expenditure	<b>179</b>	<b>1,582</b>	<b>1,761</b>
Net losses from fair value adjustment	<b>(49,089)</b>	<b>(90,394)</b>	<b>(139,483)</b>
<b>As at 31 December 2024</b>	<b>1,105,720</b>	<b>554,690</b>	<b>1,660,410</b>

*Notes:*

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

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

- (b) As at 31 December 2024, part of the buildings were secured against certain long-term bank borrowings (Note 21).
- (c) Right-of-use assets which had been subleased out under financing leases were transferred from investment properties to finance lease receivables. The finance lease receivables were transferred to right-of-use assets upon the early termination of finance lease arrangement.

## 15. PROPERTY, PLANT AND EQUIPMENT

	<b>Other property, plant and equipment</b>	<b>Right-of-use assets</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Year ended 31 December 2023</b>			
<b>As at 1 January 2023</b>	197,516	2,268	199,784
Additions	623	1,645	2,268
Depreciation charge	(1,997)	(1,460)	(3,457)
Transfers to investment properties	(171,661)	–	(171,661)
Disposals	(188)	(622)	(810)
<b>As at 31 December 2023</b>	<b>24,293</b>	<b>1,831</b>	<b>26,124</b>
<b>Year ended 31 December 2024</b>			
<b>As at 1 January 2024</b>	<b>24,293</b>	<b>1,831</b>	<b>26,124</b>
Additions	<b>38</b>	<b>501</b>	<b>539</b>
Depreciation charge	<b>(1,334)</b>	<b>(915)</b>	<b>(2,249)</b>
Disposals	<b>(3,701)</b>	–	<b>(3,701)</b>
<b>As at 31 December 2024</b>	<b>19,296</b>	<b>1,417</b>	<b>20,713</b>

## 16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>Unlisted equity securities</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 1 January 2023</b>	4,288	4,288
Currency translation difference	62	62
<b>As at 31 December 2023</b>	<b>4,350</b>	<b>4,350</b>
<b>As at 1 January 2024</b>	<b>4,350</b>	<b>4,350</b>
Fair value change recognized in profit or loss	<b>(4,350)</b>	<b>(4,350)</b>
<b>As at 31 December 2024</b>	<b>–</b>	<b>–</b>

- (a) As at 31 December 2024, the financial assets at FVPL were evaluated that the investment may not be recovered, resulting in a provision for a loss of RMB4,350,000.

## 17. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

As at 31 December 2024				
		Current	Non-current	Total
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	(a)	1,038	–	1,038
Amount due from a related party		115,635	220,529	336,164
Receivables from operating leases	(b)	16,039	10,547	26,586
Receivables from finance leases	(c)	14,479	85,125	99,604
Interest receivables		182	–	182
Lease deposits		46	20,589	20,635
Value-added tax recoverable		26,389	–	26,389
Other receivables		4,704	–	4,704
		<b>178,512</b>	<b>336,790</b>	<b>515,302</b>
Less: provision for impairment loss allowance		<b>(119,583)</b>	<b>(223,116)</b>	<b>(342,699)</b>
Financial assets at amortised cost		<b>58,929</b>	<b>113,674</b>	<b>172,603</b>
Prepayments	(d)	–	1,772	1,772
Total trade and other receivables		<b>58,929</b>	<b>115,446</b>	<b>174,375</b>
As at 31 December 2023				
		Current	Non-current	Total
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amount due from a related party		–	336,164	336,164
Receivables from operating leases	(b)	25,212	5,079	30,291
Receivables from finance leases	(c)	16,988	97,653	114,641
Interest receivables		171	–	171
Lease deposits		45	21,089	21,134
Value-added tax recoverable		22,353	–	22,353
Other receivables		6,671	–	6,671
		71,440	459,985	531,425
Less: provision for impairment loss allowance		<b>(6,378)</b>	<b>(339,666)</b>	<b>(346,044)</b>
Financial assets at amortised cost		65,062	120,319	185,381
Prepayments		–	78	78
Total trade and other receivables		<b>65,062</b>	<b>120,397</b>	<b>185,459</b>

Notes:

(a) Trade receivables

The trade receivables are receivables from sales to corporate customers.

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

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
0 – 30 days	<b>1,038</b>	–

The Group applies the IFRS Accounting Standards simplified approach to measure expected credit loss which was a lifetime expected loss allowance for all trade receivables. As at 31 December 2024, no impairment loss allowance was made based on the management's assessment (2023: nil).

All trade receivables are denominated in RMB and their fair values approximated their carrying amounts as at 31 December 2024 and 2023.

(b) Right-of-use assets for property leases which had been subleased out under operating leases were recognized 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 due date is as follows:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current	<b>23,000</b>	22,761
0 – 30 days	<b>341</b>	1,348
31 – 90 days	<b>692</b>	776
91 – 365 days	<b>909</b>	2,495
More than 365 days	<b>1,644</b>	2,911
	<b>26,586</b>	30,291

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS Accounting Standards 9.

As at 31 December 2024, a provision of RMB4,927,000 (2023: RMB8,115,000) was made against the gross amount of receivables from operating lease.

- (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:

	<b>As at 31 December</b>	
	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Finance lease receivables	<b>110,183</b>	132,855
Unguaranteed residual values	<b>7,931</b>	7,931
Gross investment in finance leases	<b>118,114</b>	140,786
Less: unearned finance income	<b>(18,510)</b>	(26,145)
Net investment in finance leases	<b>99,604</b>	114,641
Less: accumulated allowance for impairment	<b>(1,608)</b>	(1,765)
Finance lease receivables – net	<b>97,996</b>	112,876

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

	<b>As at 31 December</b>	
	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Gross investment in finance leases		
Within 1 year	<b>20,076</b>	22,578
Between 1 and 2 years	<b>19,694</b>	19,889
Between 2 and 3 years	<b>19,572</b>	19,929
Between 3 and 4 years	<b>15,712</b>	19,667
Between 4 and 5 years	<b>14,694</b>	15,932
Later than 5 years	<b>28,366</b>	42,791
	<b>118,114</b>	140,786

- (d) The remaining balance of the non-current portion of prepayments representing 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	
	2024	2023
	RMB'000	RMB'000
Carrying amount of properties held for sale	384,622	384,622
Less: accumulated provision of impairment ( <i>Note 7</i> )	(131,622)	(130,622)
	<b>253,000</b>	<b>254,000</b>

For the year ended 31 December 2024, the accumulated provision of impairment loss recognised on the properties held for sale was RMB131,622,000 (2023: RMB130,622,000).

As at 31 December 2024, the properties held for sale of RMB253,000,000 were pledged to secure against certain long-term bank borrowing (2023: RMB254,000,000) (*Note 21*).

## 19. TRADE AND OTHER PAYABLES

	<i>Note</i>	As at 31 December	
		2024	2023
		RMB'000	RMB'000
Lease deposits		44,628	53,319
Other tax payables		12,460	12,153
Accrued wages and salaries		3,060	2,446
Trade payables	(a)	937	397
Amount due to a related party		4	9
Accrued bank interest and penalties on borrowings	(b)	26,394	5,003
Provisions for losses on legal claims		5,546	–
Rent received from customers in advance		11,984	–
Other payables and accruals		43,809	53,450
		<b>148,822</b>	<b>126,777</b>

*Notes:*

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
0 – 30 days	937	397

(b) The bank interest and penalty were accrued for the outstanding bank borrowing owed by Zhuhai Xiangyao. The bank borrowing was pledged by the properties held for sale and was overdue.

(c) All trade and other payables are denominated in RMB/HKD and their fair values approximated their carrying amounts as at 31 December 2024 and 2023.

## 20. CONTRACT LIABILITIES

	<i>Note</i>	<b>As at 31 December</b>	
		<b>2024</b>	<b>2023</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Advances received from customers	(a)	<b>19,412</b>	28,058
Deferred income	(b)	<b>–</b>	78
		<b><u>19,412</u></b>	<b><u>28,136</u></b>

*Notes:*

- (a) The amount mainly represented the net amount of advances received from customers for prepaid cards sold and the accumulated amount of the reversal of long-aged unredeemed prepaid cards.
- (b) The amount mainly represented the carrying amount of unredeemed awarded credits.

## 21. BORROWINGS

	<i>Note</i>	<b>As at 31 December</b>	
		<b>2024</b>	<b>2023</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Non-current</b>			
Secured long-term bank borrowings	(a)	<b><u>226,667</u></b>	<u>63,333</u>
<b>Current</b>			
Current portion of secured long-term bank borrowings ( <i>Note 18</i> )	(a) (b)	<b>280,607</b>	456,968
Secured short-term borrowing	(c)	<b><u>50,780</u></b>	<u>36,172</u>
		<b><u>331,387</u></b>	<u>493,140</u>
		<b><u>558,054</u></b>	<u>556,473</u>

*Notes:*

- (a) As at 31 December 2024, RMB253,334,000 (2023: RMB266,361,000) of secured long-term borrowing was denominated in RMB, and secured by certain investment properties (Note 14) and certain receivables from rental income (Note 21). During the year ended 31 December 2024, the weighted average effective interest rate was 6.37% (2023: 6.04%) per annum.

- (b) Zhuhai Xiangyao's long-term bank loan of RMB253,940,000 pledged by the properties held for sale at the fair value of RMB253,000,000 (2023: RMB254,000,000) (Note 18). The Bank Loan was expired on 1 November 2023. The final judgement by the Court has been concluded that the Subsidiary and third party guarantors of Bank loan need to repay the principal of the Bank Loan and corresponding interest and penalties. As at 31 December 2024, the principal of the Bank Loan was RMB253,334,000 and accrued interest and penalties were RMB 26,394,000. During the year ended 31 December 2024, the weighted average effective interest rate was 8.42% (2023: 5.95%) per annum.
- (c) As at 31 December 2024 and 2023, the secured short-term borrowing was denominated in RMB, secured by certain investment properties (Note 14) and was repayable within one year. During the year ended 31 December 2024, the weighted average effective interest rate was 6.98% (2023: 6.52%) per annum.
- (d) At 31 December 2024, the Group's bank borrowings were repayable as follows:

	<b>As at 31 December</b>	
	<b>2024</b>	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	<b>331,387</b>	493,140
Between 1 and 2 years	<b>26,667</b>	6,667
Between 2 and 5 years	<b>80,000</b>	20,000
Over 5 years	<b>120,000</b>	36,666
	<b>558,054</b>	556,473

- (e) The carrying amounts of the bank 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 recognized as liabilities is as follows:

	<b>As at 31 December</b>	
	<b>2024</b>	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Purchases of property, plant and equipment	<b>2,254</b>	2,943
	<b>2,254</b>	2,943



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

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

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Buildings:		
Within 1 year	<b>159,925</b>	162,944
Between 1 and 2 years	<b>121,241</b>	140,678
Between 2 and 3 years	<b>78,369</b>	101,443
Between 3 and 4 years	<b>60,678</b>	57,818
Between 4 and 5 years	<b>46,670</b>	43,332
Later than 5 years	<b>122,103</b>	118,225
	<b><u>588,986</u></b>	<b><u>624,440</u></b>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

During the FY2024, the Chinese economy maintained a modest growth, but the domestic consumption market continued to face significant challenges amid changing consumer preferences, increasing competition from the e-commerce platforms and the pressure on the profit margin due to the rising operational costs and price-sensitivity amongst the customers. Despite these headwinds, the domestic consumption market has shown resilience by adapting the changing market dynamics through the cost optimisation, domestic sourcing and enhanced customer engagement strategies.

According to the National Bureau of Statistics of China (“**NBS**”), the GDP of China in the FY2024 amounted to RMB134.9 trillion, representing a year-on-year increase of 5% as compared to 2023. The national consumer price index (“**CPI**”) in December 2024 was 0.5% higher year-on-year, and CPI in December 2023 remained constant year-on-year. The amount of the total retail sales of the consumer goods in the FY2024 in China increased by 3.5% year-on-year, as compare to an increase of 7.2% in the FY2023.

During the FY2024, the Group continued to explore the consumer market and focus on the community business strategy with the goal of “small but beautiful, small but refined”. The Group also introduced a new brand of young lifestyle to maintain its competitiveness. Through the collaboration among the community, businesses and residents, the Group promoted targeted business development and community focused marketing initiatives. The mutual benefit and win-win situation with the community have emerged as the key drivers of the Group’s growth and provide fascinating opportunities for the sustainable business development.

## **BUSINESS REVIEW**

During the FY2024, the Group recorded the revenue of RMB200.3 million (FY2023: RMB190.7 million). Loss attributable to owners of the Company for the FY2024 amounted to RMB33.8 million (FY2023: RMB341.0 million). With the continuous development of the social events and activities in the evening, the Group does not only continue to operate a one-stop shopping mall concept, but during the non-conventional business hours. Some convenient stores, gyms, restaurants and pharmacies are open 24 hours a day to achieve a 24-hour community business ecosystem that benefits the consumers and taps the value of night-time consumption to meet the demand of the middle class population in the PRC for food, merchandise and services.

Furthermore, online platforms and membership loyal programs are changing the retail industry crucially for the consumers seeking goods and services online and bulk purchase becomes a habit after pandemic. The Group uses different online platforms to promote and stimulate consumers' interest and continue to provide quality goods and services to increase the customer patronage and enhance the shopping experience to attract and retain new customers.

As of 31 December 2024, the Group operated and/or managed 14 department stores with a total gross floor area of 242,841.9 sq.m., of which 38.0% are the self-owned properties.

With the economic downside risk relating to the highly leveraged real estate sector, the Group has suspended property investments and implemented proactive measures to mitigate the negative impact and strengthen the business resilience on the related business activities.

## **BUSINESS OUTLOOK**

Overall, the Group remains positive in its business prospects and is committed to improving its operations and services to meet customer needs, and thereby increases the return of investment of the Group as a whole.

Looking ahead, the Group will consolidate its resources, enhance its market position and increase the operational efficiency to meet the diverse needs of consumers and continue to explore future market opportunities.

## **FINANCIAL REVIEW**

The operating results of the Group for the FY2024 are presented in two reportable operating segments, namely (a) department store business and (b) others including property business and unallocated items, comprising mainly head office overheads. The following discussions and analyses are based on the Group as a whole and the operating results of each of the business segments.

### **(a) The Group**

Revenue of the Group were all contributed from the department store business for the FY2024 and the FY2023. Revenue of the Group amounted to RMB200.3 million for the FY2024, representing a slight increase of 5.0%, as compared to RMB190.7 million in the FY2023.

Loss attributable to owners of the Company for the FY2024 amounted to RMB33.8 million and for the FY2023 amounted to RMB341.0 million.

**(b) Department store business segment**

Set forth below is the segmental information of the Group's department store business for the FY2024, together with the comparative figures for the FY2023:

	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Revenue	<b>200,295</b>	190,666
Other operating revenue	<b>27,150</b>	29,886
Other gains – net	<b>25,400</b>	57,486
Fair value loss on investment properties	<b>(139,483)</b>	(156,004)
Purchase of and changes in inventories	<b>(11,571)</b>	(6,667)
Employee benefit expenses	<b>(31,800)</b>	(27,715)
Depreciation and amortisation expenses	<b>(1,988)</b>	(3,198)
Net impairment losses on financial assets	<b>(550)</b>	(3,328)
Other operating expenses – net	<b>(84,872)</b>	(78,002)
<b>Operating (loss)/profit</b>	<b>(17,419)</b>	3,124
Finance income	<b>6,219</b>	9,279
Finance costs	<b>(54,488)</b>	(53,062)
Finance costs – net	<b>(48,269)</b>	(43,783)
<b>Loss before income tax</b>	<b>(65,688)</b>	(40,659)
Income tax (expense)/credit	<b>(58)</b>	7,922
<b>Loss for the year</b>	<b>(65,746)</b>	(32,737)

## Revenue

Revenue breakdown of the Group's department store business for the FY2024 and the FY2023 are as follows:

	Year ended 31 December		Percentage of department store's revenue of the Group	
	2024	2023	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>	%	%
Rental income	<b>187,505</b>	182,939	<b>93.6</b>	95.9
Direct sales	<b>12,328</b>	7,396	<b>6.2</b>	3.9
Commission from concessionaire sales	<b>462</b>	331	<b>0.2</b>	0.2
<b>Total</b>	<b><u>200,295</u></b>	<u>190,666</u>	<b><u>100.0</u></b>	<u>100.0</u>

The rental income increased slightly by 2.5% to RMB187.5 million for the FY2024 from RMB182.9 million for the FY2023. The direct sales increased significantly by 66.2% to RMB12.3 million for the FY2024 from RMB7.4 million for the FY2023.

The slight increase in rental income mainly attributable to the decrease in the vacancy rate of department store in 2024.

## Other operating revenue

The other operating revenue decreased to RMB27.2 million for the FY2024 from RMB29.9 million for the FY2023. The decrease mainly due to the decrease in government grant, offset by the increase in promotion, administration and management income.

#### *Other gains – net*

The other gains – net amounted to RMB25.4 million for the FY2024, as compared to RMB57.5 million for the FY2023, primarily due to the Group entering into supplemental agreements of two stores for rental reduction, and a net gain of RMB37.8 million recognised in the FY2024 resulting from the decrease in lease liabilities, as compared to a gain from write-off of long aging trade and other payables of RMB25.2 million and a gain from modification of leases of RMB30.6 million for the FY2023.

#### *Fair value loss on investment properties*

The fair value loss on investment properties decreased to RMB139.5 million for the FY2024 from RMB156.0 million for the FY2023.

#### *Purchase of and changes in inventories*

Purchase of and changes in inventories amounted to RMB11.6 million for the FY2024, representing an increase of 73.1%, as compared to RMB6.7 million for the FY2023, which was in line with the trend in direct sales.

#### *Employee benefit expenses*

The employee benefit expenses increased by 14.8% from RMB27.7 million for the FY2023 to RMB31.8 million for the FY2024, mainly due to the reversal of accruals for the FY2023. The Group has undergone a streamlining process in its human resources structure to reduce staff costs since previous years.

#### *Depreciation and amortisation expenses*

The depreciation and amortisation expenses decreased significantly by 37.5% to RMB2.0 million for the FY2024 from RMB3.2 million for the FY2023, mainly due to that certain assets have been transferred to investment properties.

#### *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, increased by 8.8% to RMB84.9 million for the FY2024 from RMB78.0 million for the FY2023 due to the tax incentives received from the government in the FY2023, while no such tax incentives received in the FY2024.

#### *Operating (loss)/profit*

As a result of the reasons mentioned above, the operating loss of the department store business segment amounted to RMB17.4 million for the FY2024, as compared to the operating profit of RMB3.1 million for the FY2023.

#### *Finance income*

Finance income amounted to RMB6.2 million for the FY2024, as compared to RMB9.3 million for the FY2023, mainly due to the decrease in interest income from finance lease and interest income from bank deposits.

#### *Finance costs*

Finance costs increased by 2.6% to RMB54.5 million for the FY2024, as compared to RMB53.1 million for the FY2023, mainly due to the increase in the interest expenses on operating leases as the lessee and the increase in interest expenses on bank loans.

#### *Income tax (expenses)/credit*

Income tax expenses amount to RMB0.1 million for the FY2024, as compared to income tax credit of RMB7.9 million for the FY2023.

#### *Loss for the year*

As a result of the aforementioned, loss attributable to the department store business segment amounted to RMB65.7 million for the FY2024, as compared to the loss of RMB32.7 million for the FY2023

**(c) Others segment**

Others represent mainly property business and unallocated items including directors emoluments, staff costs and operating expenses incurred for headquarter or administrative purposes which were not directly attributable to department store business segment. Such gains amounted to RMB32.0 million for the FY2024, as compared to the losses amounted to RMB317.7 million for the FY2023, mainly due to the impairment loss on financial assets of RMB201.2 million and impairment loss on prepayments of RMB63.0 million for the FY2023.

**DIVIDEND**

The Board has decided not to recommend any final dividend for the FY2024 (FY2023: nil).

**LIQUIDITY AND FINANCIAL RESOURCES**

As of 31 December 2024, the Group's cash and cash equivalents and restricted bank deposits amounted to RMB55.4 million, representing a decrease of 17.6% from RMB67.2 million as of 31 December 2023. The cash and cash equivalents and restricted 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 RMB507.3 million and RMB50.8 million, respectively as of 31 December 2024 (31 December 2023: long-term and short-term borrowings of RMB520.3 million and RMB36.2 million, respectively), mainly representing the secured bank borrowing denominated in RMB secured by the charge of properties in the PRC. The gearing ratio, which is calculated by the Group's total borrowings divided by its shareholders equity, was 74.3% as of 31 December 2024 (31 December 2023: 70.8%).



### **Net current liabilities and net assets**

The net current liabilities of the Group as of 31 December 2024 were RMB236.2 million (31 December 2023: 427.2 million). The net assets of the Group as of 31 December 2024 decreased to RMB750.8 million (31 December 2023: 785.8 million).

### **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 FY2024, the Group recorded a net foreign exchange gain of RMB1.5 million (FY2023: RMB5.1 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 of 31 December 2024, the total number of employees of the Group was 199 (31 December 2023: 216). 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 and an ex-employee have commenced legal proceedings in the PRC against the Group in respect of disputes over contract terms and employment contract terms. As of 31 December 2024, the legal proceedings are ongoing. The Group has made an accumulated provision of approximately RMB764,000 (31 December 2023: RMB2,765,000) which the Directors believe is adequate to cover the amounts, if any, payable in respect of these claims.

### **Material acquisition and disposal of subsidiaries**

There were no material acquisition and disposal of subsidiaries for the FY2024.

## **SUBSEQUENT EVENT**

No significant events have taken place subsequent to 31 December 2024 and up to the date of this announcement.

## **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 (including the treasury shares) during the FY2024.

## **CORPORATE GOVERNANCE**

During the FY2024, the Company has complied with the principles and the applicable code provisions as contained in the Corporate Governance Code as set forth in Part 2 of Appendix C1 to the Listing Rules.

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 Board 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.

## **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 forth in Appendix C3 to the Listing Rules as the code of conduct regarding the Directors' securities transactions. Having made specific enquiries with the Directors, all Directors confirmed that they had complied with the required standard of dealings as set forth in the Model Code during the FY2024.

## **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 FY2024, the Audit Committee held two 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 interim results for the six months ended 30 June 2024 and the annual results for the FY2023.

The Audit Committee has reviewed the annual results of the Group for the FY2024.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The financial 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 FY2024 as set forth in this 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.

## **EXTRACT OF INDEPENDENT AUDITOR'S OPINION**

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the FY2024.

## **Our opinion**

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## **Material uncertainty related to going concern**

We draw attention to Note 2.1.1 to the consolidated financial statements, which indicates that the Group incurred a net loss attributable to owners of the Company of approximately RMB34 million and the cash outflow of approximately RMB7 million during the year ended 31 December 2024. As at 31 December 2024, the Group’s current liabilities exceeded its current assets by approximately RMB236 million and as of the same date, the Group had cash and cash equivalents of approximately RMB43 million and a total of RMB558 million in bank borrowings, of which RMB331 million were current bank borrowing in the PRC. Furthermore, since November 2023, a subsidiary of the Group failed to repay a secured bank loan of RMB254 million which was included the current bank borrowings. These conditions, along with other matters as set forth in Note 2.1.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **PUBLICATION OF ANNUAL REPORT**

The annual report for the FY2024 containing all the information required by Appendix D2 of the Listing Rules and other applicable laws and regulations will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited 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, 28 March 2025

*As of the date of this announcement, the executive Directors are Ms. HUANG Xue Rong (Chairlady) and Mr. YANG Ti Wei (Deputy Chairman and Chief Executive Officer) and the independent non-executive Directors are Mr. CHEN Fengliang, Mr. JIANG Hongkai and Mr. TSANG Wah Kwong.*