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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

FINANCIAL HIGHLIGHTS

The following sets forth a summary of the unaudited consolidated results of the Group for the six months ended 30 June 2020:

– Revenue of the Group was RMB300.7 million, representing a decrease of 35.0% as compared with the revenue of RMB462.9 million for the same period in 2019;

– Operating profit of the Group was RMB117.0 million, representing a decrease of 5.6% as compared with the operating profit of RMB123.9 million for the same period in 2019;

– Profit attributable to owners of the Company was RMB21.8 million, representing an increase of 21.8% as compared with the profit attributable to owners of the Company of RMB17.9 million for the same period in 2019;

– Basic earnings per Share was RMB0.01, as compared to RMB0.01 in same period for 2019; and

– Net asset value per Share was RMB0.89, as compared to RMB0.89 as at 31 December 2019.

INTERIM DIVIDEND

The Board recommended an interim dividend of HKD0.0029 (equivalent to approximately RMB0.0026) per Share or in the total amount of HKD7.2 million for the six months ended 30 June 2020 (equivalent to approximately RMB6.5 million) (2019: an interim dividend of HKD0.0024 per Share or in the total amount of HKD6.0 million).

I. INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board (the "**Board**") of directors (the "**Directors**") of Shirble Department Store Holdings (China) Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2020, together with the comparative figures for the six months ended 30 June 2019.

INTERIM CONSOLIDATED STATEMENT OF INCOME

	Note	Six months ended 30 June 2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Revenue	5	**300,660**	462,918
Other operating revenue	6	**37,336**	35,960
Other losses – net	7	**(71,894)**	(134,698)
Purchase of and changes in inventories	8	**(9,751)**	(81,532)
Employee benefit expenses	8	**(76,486)**	(82,954)
Depreciation and amortisation expenses	8	**(14,784)**	(21,740)
Other operating expenses – net	8	**(48,131)**	(54,036)
Operating profit		**116,950**	123,918
Finance income	9	**6,215**	6,110
Finance costs	9	**(42,714)**	(36,043)
Finance costs – net	9	**(36,499)**	(29,933)
Share of losses of an associate and a joint venture		**(5)**	(1,281)
Profit before income tax		**80,446**	92,704
Income tax expenses	10	**(58,664)**	(74,833)
Profit for the period		**21,782**	17,871
Profit attributable to:			
Owners of the Company		**21,785**	17,899
Non-controlling interests		**(3)**	(28)
Profit for the period		**21,782**	17,871
Earnings per share for the profit attributable to owners of the Company during the period (expressed in RMB per share)			
– Basic and diluted	12	**0.01**	0.01

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**Six months ended 30 June 2020** *RMB'000* **(unaudited)**	2019 *RMB'000* (unaudited)
Profit for the period		**21,782**	17,871
Other comprehensive income:			
Item that may be reclassified to profit or loss			
Currency translation differences		**(1,278)**	(256)
Other comprehensive income for the period		**(1,278)**	(256)
Total comprehensive income for the period		**20,504**	17,615
Attributable to:			
Owners of the Company		**20,507**	17,643
Non-controlling interests		**(3)**	(28)
Total comprehensive income for the period		**20,504**	17,615

INTERIM CONSOLIDATED BALANCE SHEET

	Note	**As at 30 June 2020 *RMB'000* (unaudited)**	As at 31 December 2019 *RMB'000* (audited)
ASSETS			
Non-current assets			
Investment properties	*13*	**2,678,445**	2,706,350
Property, plant and equipment	*14*	**264,081**	303,386
Intangible assets		**10,121**	12,223
Investment in an associate and a joint venture		**946**	952
Deferred income tax assets		**4,260**	9,788
Other receivables and prepayments	*16*	**279,520**	333,001
		3,237,373	3,365,700
Current assets			
Inventories		**8,516**	9,654
Financial assets at fair value through profit or loss	*15*	**300,127**	322,660
Trade receivables, other receivables and prepayments	*16*	**285,548**	230,909
Contract assets	*16*	**452,096**	361,430
Restricted bank deposits		**24,432**	24,000
Cash and cash equivalents		**189,732**	62,457
		1,260,451	1,011,110
Total assets		**4,497,824**	4,376,810

	Note	As at 30 June 2020 RMB'000 (unaudited)	As at 31 December 2019 RMB'000 (audited)
EQUITY			
Share capital		**213,908**	213,908
Share premium		**757,578**	793,269
Shares held for share award scheme		**(214)**	(1,171)
Other reserves		**437,034**	427,307
Retained profits		**796,761**	786,837
Equity attributable to the owners of the Company		**2,205,067**	2,220,150
Non-controlling interests		**12,546**	12,549
Total equity		**2,217,613**	2,232,699
LIABILITIES			
Non-current liabilities			
Lease liabilities		**1,040,327**	1,142,812
Deferred income tax liabilities		**225,262**	217,180
Borrowings	*19*	**236,498**	215,644
		1,502,087	1,575,636
Current liabilities			
Lease liabilities		**79,568**	81,584
Trade and other payables	*17*	**249,135**	185,340
Contract liabilities	*18*	**69,550**	112,045
Borrowings	*19*	**184,909**	35,600
Income tax payable		**194,962**	153,906
		778,124	568,475
Total liabilities		**2,280,211**	2,144,111
Total equity and liabilities		**4,497,824**	4,376,810

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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 Company and its subsidiaries (together, the "**Group**") are property development, provision of property development consulting services and department stores operations in The People's Republic of China (the "**PRC**").

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2020 ("**the interim period**") has been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting". The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

The ultimate impact of the COVID-19 pandemic on the Group is uncertain at the date on which the interim condensed consolidated financial statements were authorised for issue. Management has assessed the potential cash generation of the Group, the liquidity of the Group, existing funding available to the Group and mitigating actions which have been and may be taken to reduce discretionary spending and other operating cash outflows, and non-essential and non-committed capital expenditures. On the basis of these assessments, Management have determined that, at the date on which the interim condensed consolidated financial statements were authorised for issue, the use of the going concern basis of accounting to prepare the interim condensed consolidated financial statements is appropriate.

3. CHANGES IN ACCOUNTING POLICIES AND USE OF JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

3.1 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2019, as described in those annual financial statements, except for the adoption of amendments to IFRSs effective for the financial year beginning 1 January 2020.

(a) New and amended standards adopted by the Group

- Definition of Material – amendments to IAS1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Revised Conceptual Framework for Financial Reporting
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Covid-19-Related Rent Concessions – amendments to IFRS 16

Amendments to IFRSs effective for the financial year ending 31 December 2020 do not have a material impact on the Group except for the Amendments to IFRS 16 set out below.

The Group has early adopted Amendments to IFRS 16 Covid-19-Related Rent Concessions retrospectively from 1 January 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions of RMB9,401,000 have been accounted for as negative variable lease payments and recognised in other gains in the statement of profit or loss for the six months ended 30 June 2020 with a corresponding adjustment to the lease liability. There is no impact on the opening balance of equity at 1 January 2020.

(b) ***Impact of standards issued but not yet applied by the Group***

The following new and amended standards that have been issued but not effective for the financial year beginning on 1 January 2020 and have not been early adopted:

		Effective for the financial year beginning on or after
Amendments to IAS 16	Property, plant and equipment – proceeds before intended use	1 January 2022
Amendments to IAS 37	Onerous contracts – cost of fulfilling a contract	1 January 2022
Amendments to IFRS 3	Reference to the conceptual Framework	1 January 2022
Annual Improvements to IFRS Standards 2018-2020		1 January 2022
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
IFRS 17	Insurance contracts	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is yet to assess the impact of the above new standards and amendments to existing standards on the Group's interim condensed consolidated financial statements.

3.2 Use of judgements, assumptions and estimates

In preparing the interim condensed consolidated financial statements, the Group has made accounting related estimates based on assumptions about current and, for some estimates, future economic and market conditions and in particular has assumed that the current market conditions as a result of the COVID-19 pandemic is not a long-term norm. Although estimates and assumptions contemplate current and, as applicable, expected future conditions that the Group considers are relevant and reasonable, including but not limited to the potential impacts to operations arising from the COVID-19 pandemic and different monetary, fiscal and government policy responses aimed at reviving the economies, it is reasonably possible that actual conditions could differ from expectations. In particular, a number of estimates have been and will continue to be affected by the ongoing COVID-19 outbreak. The severity, magnitude and duration, as well as the economic consequences of the COVID-19 pandemic, are uncertain, rapidly changing and it is currently impossible to predict. As a result, accounting estimates and assumptions may change over time in response to how market conditions develop. In addition, actual results could differ significantly from those estimates and assumptions.

4. SEGMENT INFORMATION

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

- Property business – property development business and provision of property development consulting services;
- Department stores business – operation of department stores; 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:

	Six months ended 30 June 2020 (unaudited)			
	Property business *RMB'000*	**Department stores business** *RMB'000*	**Other** *RMB'000*	**Group** *RMB'000*
Revenue	**182,577**	**118,083**	**–**	**300,660**
Timing of revenue recognition				
At a point in time	**–**	**32,955**	**–**	**32,955**
Over time	**182,577**	**85,128**	**–**	**267,705**
Other operating revenue	**–**	**37,336**	**–**	**37,336**
Other losses – net	**(22,617)**	**(49,277)**	**–**	**(71,894)**
Purchase of and changes in inventories	**–**	**(9,751)**	**–**	**(9,751)**
Employee benefit expenses	**(35,089)**	**(35,498)**	**(5,899)**	**(76,486)**
Depreciation and amortisation expenses	**–**	**(10,375)**	**(4,409)**	**(14,784)**
Other operating expenses – net	**(196)**	**(42,661)**	**(5,274)**	**(48,131)**
Operating profit/(loss)	**124,675**	**7,857**	**(15,582)**	**116,950**
Finance income	**31**	**6,182**	**2**	**6,215**
Finance costs	**(2,864)**	**(39,194)**	**(656)**	**(42,714)**
Finance costs – net	**(2,833)**	**(33,012)**	**(654)**	**(36,499)**
Share of losses of an associate and a joint venture	**–**	**(5)**	**–**	**(5)**
Profit/(loss) before income tax	**121,842**	**(25,160)**	**(16,236)**	**80,446**
Income tax expenses	**(39,537)**	**(19,127)**	**–**	**(58,664)**
Profit/(loss) for the period	**82,305**	**(44,287)**	**(16,236)**	**21,782**

	Six months ended 30 June 2019 (Unaudited)			
	Property business	Department stores business	Other	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	287,068	175,850	–	462,918
Timing of revenue recognition				
At a point in time	–	103,146	–	103,146
Over time	287,068	72,704	–	359,772
Other operating revenue	–	35,960	–	35,960
Other losses – net	(117,667)	(17,031)	–	(134,698)
Purchase of and changes in inventories	–	(81,532)	–	(81,532)
Employee benefit expenses	(32,962)	(46,129)	(3,863)	(82,954)
Depreciation and amortisation expenses	–	(17,331)	(4,409)	(21,740)
Other operating expenses – net	(191)	(46,841)	(7,004)	(54,036)
Operating profit/(loss)	136,248	2,946	(15,276)	123,918
Finance income	5	6,105	–	6,110
Finance costs	(3,493)	(32,006)	(544)	(36,043)
Finance costs – net	(3,488)	(25,901)	(544)	(29,933)
Share of losses of an associate and a joint venture	–	(1,281)	–	(1,281)
Profit/(loss) before income tax	132,760	(24,236)	(15,820)	92,704
Income tax expenses	(66,174)	(8,659)	–	(74,833)
Profit/(loss) for the period	66,586	(32,895)	(15,820)	17,871

5. REVENUE

		Six months ended 30 June	
		2020	2019
	Notes	***RMB'000***	*RMB'000*
Property development consulting service income	*(i)*	**182,577**	287,068
Rental income		**85,128**	72,704
Direct sales		**10,121**	87,380
Commission from concessionaire sales		**311**	15,376
Income from reversal of long-aged unredeemed prepaid cards and unredeemed awarded credits	*(ii)*	**22,523**	390
		300,660	462,918

(i) In April 2019, the Group entered into 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 are ultimately controlled by the controlling shareholder 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.

(ii) As at 30 June 2020, the Group reviewed the aging of the unredeemed prepaid cards and the unredeemed awarded credits and revised the balance aging over five years amounting to RMB22,523,000 (2019: RMB390,000).

6. OTHER OPERATING REVENUE

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Promotion, administration and management income	**35,896**	33,661
Credit card handling fees for concessionaire sales	**603**	1,361
Government grant	**837**	938
	37,336	35,960

7. OTHER LOSSES – NET

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Change in fair value of investment properties *(Note 13)*	**(66,488)**	(15,509)
Accrual of legal claims	**(1,798)**	(682)
Loss on disposal of property, plant and equipment	**(507)**	(79)
Fair value change on financial assets at FVPL	**(22,533)**	(117,667)
Gain from rent concession (i)	**9,401**	–
Gain from termination of lease (ii)	**8,638**	–
Others	**1,393**	(761)
	(71,894)	(134,698)

(i) Certain landlords agreed to offer rent concession to the Group, without changing the lease contracts, due to the outbreak of Novel Coronavirus. The Group recognised a gain of RMB9,401,000 of such rent concession for the period ended 30 June 2020 with a corresponding reduction in the lease liabilities.

(ii) The Group has agreed with the landlord and the sub-lease 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 RMB8,638,000 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.

8. EXPENSES BY NATURE

Expenses included in purchase of and changes in inventories, employee benefits, operating lease rental expenses, depreciation and amortisation, and other operating expenses were analysed as follows:

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Purchase of and changes in inventories	**9,751**	81,532
Employee benefit expenses	**76,486**	82,954
Depreciation and amortisation expenses	**14,784**	21,740
Utilities	**26,084**	26,250
Fee received by auditors for other professional service	**650**	867
Other tax expenses	**4,121**	5,840
Business travel expenses	**4,030**	4,348
Cleaning fee	**1,799**	2,279
Other expenses	**11,447**	14,452
	149,152	240,262

9. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Finance income		
Interest income from finance leases as the sub-lessor	**5,627**	5,722
Interest income from bank deposits	**588**	388
	6,215	6,110
Finance costs		
Interest expenses on operating leases as the lessee	**(30,179)**	(31,735)
Interest expenses on bank loans	**(12,535)**	(1,898)
Interest expenses on a loan from a shareholder	**–**	(2,410)
	(42,714)	(36,043)
Finance costs – net	**(36,499)**	(29,933)

10. INCOME TAX EXPENSES

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Current income tax		
– PRC corporate income tax	**45,054**	66,150
Deferred income tax	**13,610**	8,683
	58,664	74,833

(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 interim period. 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 general subsidiaries. Certain of the Company's PRC subsidiaries are entitle to small and micro entity tax credit, which enjoys the 20% tax rate and a 50% deduction of taxable income.

11. DIVIDENDS

Pursuant to the resolutions passed by the Board on 30 August 2019, an interim dividend of HKD0.0024 (equivalent to approximately RMB0.0021) per share for the interim period, amounting to HKD5,988,000 (equivalent to approximately RMB5,361,300) was declared and paid by the Company.

Pursuant to the resolutions passed by the annual general meeting of the Company held on 22 June 2020, a final dividend of HKD0.0157 (equivalent to approximately RMB0.0143) per share, amounting to HKD39,172,000 (equivalent to approximately RMB35,639,000) out of the share premium account for the year ended 31 December 2019 was approved and paid by the Company in July 2020.

The Board recommended an interim dividend of HKD0.0029 (equivalent to approximately RMB0.0026) per share or in the total amount of HKD7,235,500 (equivalent to approximately RMB6,487,000). The interim dividend is to be proposed out of the share premium account and the dividend payable is not reflected in this interim financial information.

12. EARNINGS PER SHARE

(i) Basic

Basic earnings per share is calculated by dividing the earnings attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period. The repurchases of the Company's own ordinary shares was reflected in the weighted average number of ordinary shares in issue from the date shares were repurchased.

	Six months ended 30 June	
	2020	2019
Profits attributable to owners of the Company (in RMB thousands)	**21,785**	17,899
Weighted average number of ordinary shares in issue (thousands)	**2,494,429**	2,492,661
Basic earnings per share (RMB per share)	**0.01**	0.01

(ii) Diluted

The awarded shares granted by the Company have potential dilutive effect on the earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from awarded shares granted by the Company. No adjustment is made to earnings (numerator).

	Six months ended 30 June	
	2020	2019
Earnings (in RMB thousands)		
Profits attributable to owners of the Company	**21,785**	17,899
Weighted average number of ordinary shares (thousands)		
Weighted average number of ordinary shares in issue	**2,494,429**	2,492,661
Adjustments for awarded shares	**–**	2,070
Weighted average number of ordinary shares for diluted earnings per share	**2,494,429**	2,494,731
Diluted earnings per share (RMB per share)	**0.01**	0.01

13. INVESTMENT PROPERTIES

	Land and buildings	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*
Six months ended 30 June 2020			
At 1 January 2020	**1,135,250**	**1,571,100**	**2,706,350**
Capitalised subsequent expenditure	**29,468**	**9,115**	**38,583**
Net losses from fair value adjustment *(Note 7)*	**(19,018)**	**(47,470)**	**(66,488)**
As at 30 June 2020	**1,145,700**	**1,532,745**	**2,678,445**
Six months ended 30 June 2019			
At 1 January 2019	730,800	1,554,080	2,284,880
Capitalised subsequent expenditure	–	19,584	19,584
Net gains/(losses) from fair value adjustment *(Note 7)*	10,100	(25,609)	(15,509)
As at 30 June 2019	740,900	1,548,055	2,288,955

As at 30 June 2020, the Group had no unprovided contractual obligations for future repairs and maintenance (31 December 2019: Nil).

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

The Group's investment properties were valued by an independent and professionally qualified valuer who holds a recognised relevant professional qualification and has recent experience in the locations of the investment properties valued.

14. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment	**Right-of-use assets**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Six months ended 30 June 2020			
As at 1 January 2020	**251,655**	**51,731**	**303,386**
Additions	**2,651**	**–**	**2,651**
Disposals	**(534)**	**(28,740)**	**(29,274)**
Depreciation charge	**(4,602)**	**(8,080)**	**(12,682)**
As at 30 June 2020	**249,170**	**14,911**	**264,081**
Six months ended 30 June 2019			
As at 1 January 2019	541,992	99,302	641,294
Additions	1,064	–	1,064
Disposals	(390)	–	(390)
Depreciation charge	(10,340)	(9,209)	(19,549)
As at 30 June 2019	532,326	90,093	622,419

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unlisted equity securities *RMB'000*	**Listed equity securities** *RMB'000*	**Wealth management products** *RMB'000*	**Total** *RMB'000*
Six months ended 30 June 2020				
As at 1 January 2020	**4,288**	**318,372**	**–**	**322,660**
Fair value change recognised in profit or loss *(Note 7)*	**84**	**(22,617)**	**–**	**(22,533)**
As at 30 June 2020	**4,372**	**295,755**	**–**	**300,127**
Six months ended 30 June 2019				
As at 1 January 2019	–	–	13,000	13,000
Additions	4,223	259,191	–	263,414
Disposals	–	–	(13,000)	(13,000)
Fair value change recognised in profit or loss	–	(11,866)	–	(11,866)
As at 30 June 2019	4,223	247,325	–	251,548

16. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	Notes	As at **30 June 2020** *RMB'000*	**31 December 2019** *RMB'000*
Current portion:			
Trade receivables	*(i)*	**73,243**	31,796
Amounts due from related parties		**530,995**	417,679
Contract assets		**452,096**	361,430
Trade receivables		**78,899**	56,249
Receivables from finance leases		**13,461**	17,532
Interest receivables		**120**	337
Receivable from a trustee for the share purchase for the employees' share award scheme	*(ii)*	**205**	361
Lease deposits		**10,992**	10,943
Other receivables		**5,846**	20,561
Less: provision for impairment loss allowance		**(751)**	(751)
Prepayments		**103,533**	93,881
		737,644	592,339
Non-current portion:			
Receivables from finance leases		**130,252**	169,959
Lease deposits		**17,928**	21,724
Other receivables		**60,218**	44,008
Prepayments		**71,122**	97,310
		279,520	333,001
Total trade and other receivables		**1,017,164**	925,340

(i) Trade receivables

Retail sales to individual consumers are usually settled in cash, or by major credit/debit cards. The Group has a policy of allowing a credit period ranging from 0 – 60 days to its corporate customers depending on the customers' relationship with the Group, their credit worthiness and settlement records.

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

	As at **30 June 2020** *RMB'000*	**31 December 2019** *RMB'000*
0 – 30 days	**27,074**	24,928
31 – 90 days	**28,307**	4,222
91 – 365 days	**17,862**	2,646
	73,243	31,796

All trade receivables are denominated in RMB and their carrying amounts approximate their fair values as at 30 June 2020.

(ii) Receivable from a trustee for the share purchase for the employees' share award scheme

This receivable represented the Group's cash paid to an independent trustee for the purchase of the award shares for the employees' share award scheme.

17. TRADE AND OTHER PAYABLES

		As at	
		30 June	31 December
		2020	2019
	Note	***RMB'000***	*RMB'000*
Lease deposits		**76,813**	87,581
Other tax payables		**57,021**	25,528
Accrued wages and salaries		**20,722**	21,007
Trade payables	*(i)*	**1,005**	4,504
Accrual for legal claims		**2,371**	573
Amount due to a related party		**211**	201
Dividend payable		**35,639**	–
Payables for purchases of property, plant and equipment		**15,488**	11,062
Other payables and accruals		**39,865**	34,884
		249,135	185,340

All trade and other payables are denominated in RMB and their fair values approximate their carrying amounts as at the balance sheet date.

(i) The aging analysis of the trade payables of the Group were as follows:

	As at	
	30 June	31 December
	2020	2019
	RMB'000	*RMB'000*
0 – 30 days	**323**	2,402
31 – 60 days	**210**	954
61 – 90 days	**231**	753
91 – 365 days	**241**	395
	1,005	4,504

18. CONTRACT LIABILITIES

		As at	
		30 June	31 December
		2020	2019
	Notes	***RMB'000***	*RMB'000*
Advances received from customers	*(i)*	**65,392**	91,533
Deferred income	*(ii)*	**4,158**	20,512
		69,550	112,045

(i) The amount mainly represented cash received for prepaid cards sold.

(ii) The amount mainly represented the carrying amount of unredeemed awarded credits.

19. BORROWINGS

		As at	
		30 June	31 December
		2020	2019
	Notes	***RMB'000***	*RMB'000*
Non-current			
Secured long-term bank borrowings	*(i)*	**236,498**	215,644
Current			
Current portion of secured long-term bank borrowings	*(i)*	**16,693**	26,667
Unsecured short-term borrowing	*(iii)*	**18,216**	8,933
Secured short-term borrowing	*(ii)*	**150,000**	–
		184,909	35,600
		421,407	251,244

(i) The Group's long-term bank borrowings were denominated in RMB and secured by certain buildings at the fair value of RMB631,600,000. During the six months ended 30 June 2020, the weighted average effective interest rate was 6.31% (2019: 6.20%) per annum.

(ii) As at 30 June 2020, the secured short-term borrowing was denominated in RMB, secured by certain buildings at the fair value of RMB454,900,000 and was repayable within one year. During the six months ended 30 June 2020, the weighted average effective interest rate was 6.50% per annum.

(iii) As at 30 June 2020, the unsecured short-term borrowing was denominated in HKD and was repayable within one year. During the six months ended 30 June 2020, the weighted average effective interest rate was 3.89% (2019: 4.29%) per annum.

20. CAPITAL COMMITMENTS

Capital expenditures contracted for at the balance sheet date but not yet incurred is as follows:

	As at	
	30 June 2020	31 December 2019
	RMB'000	*RMB'000*
Within one year:		
Purchases of property, plant and equipment	**44,146**	43,915
Acquisition of land	**189,650**	189,650
Acquisition of a subsidiary	**70,150**	70,150
Acquisition of shares	**500**	–
	304,446	303,715
Later than one year:		
Acquisition of a subsidiary	**254,200**	254,200
	558,646	557,915

MANAGEMENT DISCUSSION AND ANALYSIS

Starting from the beginning of this year, Novel Coronavirus ("**COVID-19**") has been raging around the world. Although the pandemic is easing off, a number of confirmed cases are still being reported. On the other hand, the on-going Sino-US trade dispute continues to bring uncertainties to the economic development of the PRC. According to the National Bureau of Statistics of the PRC (the "**NBS**"), the gross domestic product ("**GDP**") of the PRC in the first half of 2020 amounted to RMB456,611.4 billion, representing a decrease of 1.6% as compared to the same period of the previous year. The national consumer price index ("**CPI**") in June this year recorded a year-on-year increase of 2.5%, and the total online retails sales in the PRC recorded an increase of 7.3% in the first half of 2020 as compared to the previous year.

Many companies in the PRC, in particular those engaging in food and beverage and retail industry, are affected to a different extent amid such unfavourable business environment. However, as Shirble has expanded its scope of business to property business and is able to leverage on its growing online retail business, the Group has managed to disperse its risk exposure and maintain its competitiveness in the market.

BUSINESS REVIEW OF THE GROUP

Since 2018, in order to diversify the business activities of the Group, the business model of its department stores business has been passing through an adjustment stage, and such restructuring has almost been completed. As at 30 June 2020, the Group owned and/or operated 17 department stores with a total gross floor area of approximately 301,030.1 sq.m, with the renovation of two remaining stores yet to be completed. Apart from its retail business, Shirble has also been pushing forward its property development business for creating synergy to its other business activities, thereby maximising its profitability.

Our operating results for the six months ended 30 June 2020 are presented in three reportable operating segments, namely (a) property business, (b) department stores business and (c) others. During the period, the Group recorded revenue of RMB300.7 million (2019: RMB462.9 million). Profit attributable to owners of the Company amounted to RMB21.8 million (2019: RMB17.9 million). The fluctuations are mainly due to the structural change in business model for the department store business, the outbreak of COVID-19, and the contributions from the property business.

Property business

From 2018 onwards, Shirble has been actively pursuing the property development and project management business.

On 8 April 2019, Shenzhen Shirble Enterprise Management Co., Ltd. ("**Shirble Management**"), a wholly-owned subsidiary of the Company, entered into two property development consultancy service agreements (the "**Integrated Consulting Agreements**") with SRF and HXL to provide full-cycle consulting service in respect of two development projects respectively located in Futian District and Bao'an District in Shenzhen. Both projects are successfully developed as agreed in the agreements. In addition, Shirble Management acquired a parcel of land in Jinwan District, Zhuhai through share acquisition entered into in November 2019, the land of which has been developed into a two-building complex. It is currently under completion inspection, and is expected to be available-for-sale/rent in the second half of 2020.

Department stores business and others

Over the years, the Group has been transforming its traditional department store business into "Shirble Plaza", the one-stop shopping mall concept that could meet the demand for high quality food and products of the middle-class. Since 2018, the Group has cooperated with Shenzhen Hema Network Technology Co., Ltd. ("**Hema Shenzhen**") to upgrade most of its department store space for the traditional supermarket business in Shenzhen to "Freshippo". The Group has also cooperated with Shanghai Hema Network Technology Co., Ltd. ("**Hema Shanghai**") to create a new store brand "盒馬里•歲寶" which incorporates the online-to-offline "new retail" concept. As at 30 June 2020, the upgrade of most of the major stores in Shenzhen has been completed.

On the other hand, our supermarket business in Shanwei and Meizhou has been outsourced to Tianhe Group since last year, and three "Tianhe Supermarkets" have come into operation. The Group's strategic investments in food and beverage will also continue to make contribution to the Group's integration of its property, retail and F&B businesses in a bid to offer a comprehensive and one-stop shopping experience to its retail customers.

BUSINESS OUTLOOK

The continuous outbreak of COVID-19 over the past half year has posed significant risks to public health. Both retail and F&B industry are seriously hit by the weakened consumer sentiment resulting from the quarantine measures taken to prevent the pandemic from spreading. To ensure environmental health and safety and to protect consumers' health, the Group has adopted a series of strict preventive and control measures to curb the spread of the pandemic. Our normal business operation is, however, inevitably affected to a certain extent.

Fortunately, taking the advantages from the cooperation with Hema Shenzhen and Hema Shanghai, the "new retail" concept of "Freshippo" and "盒馬里•歲寶" has created business development opportunities to the Group under the sluggish market even though the footfall has dropped as a result of the pandemic. More importantly, apart from providing customers with high-class, quality and convenient supermarket and department store experiences, the online-to-offline shopping concept timely addresses the daily needs of customers, fulfilling the Group's management philosophy of "customer first" and accomplishing the mission of serving the public.

Along with the rapid technology development and the emergence of 5G in recent years, smart city and smart living have become a popular trend. As a result, the Group has expanded its businesses into different operation segments. Internally, the Group expects to strengthen its position in traditional department store industry through the continuous review and adjustment of its "new retail" online and offline department store business model; externally, the Group will also seek cooperation opportunities with various institutions or organisations to enhance the brand awareness of the Group, increase sales and perform social responsibilities. For example, the supermarkets of the Group in Shenzhen have used the application "Food Safety Tracking" (食品安全追溯) developed by Shenzhen Food and Drug Administration (深圳市食藥局), offering a convenient shopping experience to residents and providing a channel for them to trace the safety of food.

Going forward, it is anticipated that the COVID-19 outbreak will continue to pose unprecedented risks on the global economy. Under the challenging business environment, the Group will strive to ride out the difficult times together by employing prudent business strategies for supporting daily operation and catering the uncertainties of macroeconomic and considering to maintain rent concession for tenants as appropriate. Meanwhile, the Group will continue to develop its own business and enhance its service quality with an aim to maintain our reputation and competitiveness in the industry. We will also strive for increasing revenue and pursuing a balanced growth by closely monitoring the market development and exploring opportunities, in an effort to achieve sustainable gains for our shareholders.

On the other hand, the Group will continue to develop and sell real estate projects under its brand name as and when appropriate based on market environment and relevant regulations.

Mr. Yang Xiangbo, the founder of Shirble, passed away in June 2020. His management position has been taken up by Mr. Yang Ti Wei. The Group believes that under the leadership of Mr. Yang Ti Wei, we will be able to forge ahead in face of any difficulties.

FINANCIAL REVIEW

Our operating results for the six months ended 30 June 2020 are presented in three reportable operating segments, namely: (i) Property business; (ii) Department stores business; and (iii) Others. The following discussions and analyses are based on the Group as a whole and the operating results of each business segment.

(a) The Group

As a result of the structural change in operating model for the Group's department store business and the adverse impact of COVID-19, financial results of the department store business are inevitably affected. Nevertheless, the significant fluctuations of such are mitigated by the growth in contributions from the property business, allowing the Group to record an overall increase in profit.

Revenue of the Group amounted to RMB300.7 million for the six months ended 30 June 2020, representing a decrease of 35.0% as compared to RMB462.9 million for the same period in 2019. Revenue contribution from the property business for the six months ended 30 June 2020 amounted to RMB182.6 million or 60.7% of the Group's total revenue in the same period, while revenue contribution from the department stores business amounted to RMB118.1 million or 39.3% of the Group's total revenue in the same period. Revenue contribution from the property business for the six months ended 30 June 2019 amounted to RMB287.1 million or 62.0% of the Group's total revenue in the same period, while revenue contribution from the department stores business amounted to RMB175.9 million or 38.0% of the Group's total revenue in the same period.

Profit attributable to owners of the Company amounted to RMB21.8 million for the six months ended 30 June 2020, representing an increase of 21.8% as compared with RMB17.9 million for the six months ended 30 June 2019.

Analysis on the fluctuations of different segments of the Group is detailed in the following sub-sections.

(b) Property business segment

Set out below is the segmental information of the Group's property business for the six months ended 30 June 2020:

	Six months ended 30 June (unaudited)	
	2020	2019
	RMB'000	*RMB'000*
Revenue	**182,577**	287,068
Other losses – net	**(22,617)**	(117,667)
Employee benefit expenses	**(35,089)**	(32,962)
Other operating expenses – net	**(196)**	(191)
Operating profit	**124,675**	136,248
Finance income	**31**	5
Finance costs	**(2,864)**	(3,493)
Finance costs – net	**(2,833)**	(3,488)
Profit before income tax	**121,842**	132,760
Income tax expenses	**(39,537)**	(66,174)
Profit for the period	**82,305**	66,586

Revenue

Revenue generated from property business amounted to RMB182.6 million for the six months ended 30 June 2020, representing the property development consultancy service income recognized based on the construction progress of the property projects under the Integrated Consulting Agreements entered into by the Group in April 2019. Such revenue was decreased by 36.4% from RMB287.1 million for the same period in 2019, mainly due to the delay in construction progress as affected by COVID-19.

Other losses – net

Other net losses amounted to RMB22.6 million for the six months ended 30 June 2020, representing mainly the net loss on financial asset at fair value through profit or loss in respect of the 19% shareholdings in TFG. For the six months ended 30 June 2019, the Group recognised a net loss in fair value of RMB117.7 million on the derivative financial instrument and financial assets in respect of such TFG shares.

Employee benefit expenses

Employee benefit expenses increased by 6.4% to RMB35.1 million for the six months ended 30 June 2020 as compared to RMB33.0 million in the same period of 2019. The increase was in line with the expansion of the Group's property business operations.

Finance costs – net

Finance costs represents interest on bank borrowing amounting to RMB2.9 million for the six months ended 30 June 2020 as compared to RMB3.5 million in the same period of 2019.

Income tax expenses

Income tax expenses amounted to RMB39.6 million for the six months ended 30 June 2020 as compared to RMB66.2 million in the same period of 2019 for the Group's property business.

Profit for the period

As a result of the above, profit attributable to the property business segment amounted to RMB82.3 million for the six months ended 30 June 2020, representing an increase of 23.6% as compared to RMB66.6 million in the same period of 2019.

(c) Department stores business segment

Set out below is the segmental information of the Group's department stores business for the six months ended 30 June 2020:

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Revenue	**118,083**	175,850
Other operating revenue	**37,336**	35,960
Other losses – net	**(49,277)**	(17,031)
Purchase of and changes in inventory	**(9,751)**	(81,532)
Employee benefit expenses	**(35,498)**	(46,129)
Depreciation and amortisation expenses	**(10,375)**	(17,331)
Other operating expenses – net	**(42,661)**	(46,841)
Operating profit	**7,857**	2,946
Finance income	**6,182**	6,105
Finance costs	**(39,194)**	(32,006)
Finance costs – net	**(33,012)**	(25,901)
Share of losses of an associate and a joint venture	**(5)**	(1,281)
Loss before income tax	**(25,160)**	(24,236)
Income tax expenses	**(19,127)**	(8,659)
Loss for the period	**(44,287)**	(32,895)

Revenue

Since July 2018, the Group's department stores are being upgraded in stages and renovation work for most of the stores have been completed as at 30 June 2020. Upon the structural change in business operating model, the Group's major revenue streams change from direct sales and concessionaire sales commission to sublease/lease rental income. Revenue breakdown of the Group's department store business for the six months ended 30 June 2020 and 2019 were as follows:

	Six months ended 30 June		**Percentage of department store's revenue of the Group**	
	2020	2019	**2020**	2019
	RMB'000	*RMB'000*	*%*	*%*
Rental income	**85,128**	72,704	**72.1**	41.3
Direct sales	**10,121**	87,380	**8.6**	49.7
Commission from concessionaire sales	**311**	15,376	**0.2**	8.7
Income from reversal of long-aged unredeemed pre-paid cards and unredeemed awarded credits	**22,523**	390	**19.1**	0.3
Total	**118,083**	175,850	**100.0**	100.0

As a result of the structural change of the Group's business and the outbreak of COVID-19, where there were rent waiver amounting to RMB15.2 million offered to tenants, as well as early termination and/or breach of certain existing lease contracts, (i) rental income increased only by 17.1% to RMB85.1 million for the six months ended 30 June 2020 from RMB72.7 million for the same period in 2019; (ii) direct sales decreased significantly by 88.5% to RMB10.1 million for the six months ended 30 June 2020 from RMB87.4 million for the same period in 2019; and (iii) commission from concessionaire sales decreased significantly by 98.1% to RMB0.3 million for the six months ended 30 June 2020 from RMB15.4 million for the same period in 2019.

Income from reversal of long-aged unredeemed pre-paid cards and membership card reward points increased to RMB22.5 million for the six months ended 30 June 2020 from RMB0.4 million for the same period in 2019, mainly due to an one-off income of RMB 17.2 million recognized as a result of the reversal of long-aged unredeemed awarded credits.

Other operating revenue

Other operating revenue increased by 3.6% to RMB37.3 million for the six months ended 30 June 2020 from RMB36.0 million for the same period in 2019.

Other losses – net

Other net losses amounted to RMB49.3 million for the six months ended 30 June 2020, as compared to other net losses of RMB17.0 million for the same period in 2019, primarily due to the fair value loss on investment properties of RMB66.5 million for the six months ended 30 June 2020, offset by the gain from rent waiver by landlord of RMB9.4 million in the same period.

Purchase of and changes in inventories

Purchase of and changes in inventories amounted to RMB9.8 million for the six months ended 30 June 2020, representing a significant decrease of 88.0% as compared with RMB81.5 million for the same period in 2019, which is in line with the decrease in direct sales.

Employee benefit expenses

Employee benefit expenses decreased by 23.0% to RMB35.5 million for the six months ended 30 June 2020 from RMB46.1 million in the corresponding period of 2019, primarily due to the streamline of labour force resulting from the change in business model.

Depreciation and amortisation expenses

Depreciation and amortisation expenses decreased by 39.9% to RMB10.4 million for the six months ended 30 June 2020 from RMB17.3 million for the same period in 2019 mainly due to the reclassification of certain properties from property, plant and equipment to investment properties as a result of the change in business model.

Other operating expenses – net

Other operating expenses decreased by 8.8% to RMB42.7 million for the six months ended 30 June 2020 from RMB46.8 million for the same period in 2019 primarily due to the change in business model.

Operating profit

As a result of the reasons mentioned above, the department store segment's operating profit amounted to RMB7.9 million for the six months ended 30 June 2020 as compared to RMB2.9 million in the corresponding period of 2019.

Finance income

Finance income remained stable at RMB6.2 million for the six months ended 30 June 2020 as compared to RMB6.1 million for the same period in 2019.

Finance costs

Finance costs of RMB39.2 million was incurred for the six months ended 30 June 2020 as compared to RMB32.0 million for the same period in 2019.

Income tax expenses

Income tax expenses of RMB19.1 million for the six months ended 30 June 2020, from RMB8.7 million for the six months ended 30 June 2019.

Loss for the period

As a result of the aforementioned, loss attributable to the department stores business segment amounted to RMB44.3 million for the six months ended 30 June 2020, as compared to the loss of RMB32.9 million for the same period in 2019.

(d) Others segment

Others represents mainly directors emoluments, staff costs and operating expenses incurred for headquarter or administrative purposes which are not directly attributable to any of the two business segments. For the six months ended 30 June 2020, such costs and expenses amounted to RMB16.2 million as compared to RMB15.8 million for the six months ended 30 June 2019, or an increase of 2.5%. The increase was in line with the expansion of the Group's business operations.

INTERIM DIVIDEND

The Board recommended an interim dividend of HKD0.0029 (equivalent to approximately RMB0.0026) per share of the Company (the "**Shares**") or in the total amount of HKD7.2 million (equivalent to approximately RMB6.5 million) for the six months ended 30 June 2020 which will be payable by way of cash in Hong Kong dollars (2019: an interim dividend of HKD0.0024 (equivalent to approximately RMB0.0021) per Share or in the total amount of HKD6.0 million (equivalent to approximately RMB5.4 million)). The interim dividend will be paid on or around Monday, 5 October 2020 to the shareholders of the Company (the "**Shareholders**") whose names appear on the register of members of the Company at the close of business on Tuesday, 22 September 2020.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 18 September 2020 to Tuesday, 22 September 2020 (both days inclusive), during which period no transfer of Shares will be registered for the purpose in order to determine the entitlement to receive the interim dividend. In order to qualify for the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 17 September 2020.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2020, the Group's cash and cash equivalents and bank deposits amounted to RMB214.2 million, representing an increase of 147.6% from RMB86.5 million as at 31 December 2019. The cash and cash equivalents and bank deposits, which were in RMB and Hong Kong dollars, were deposited with banks in Hong Kong and the PRC for interest income.

BORROWINGS

The Group has long-term and short-term borrowings of RMB236.5 million and RMB184.9 million respectively as at 30 June 2020 (31 December 2019: long-term borrowing of RMB215.6 million and short-term borrowing of RMB35.6 million respectively), mainly representing the secured bank borrowing denominated in RMB secured by the charge of two PRC properties.

NET CURRENT ASSETS AND NET ASSETS

The net current assets of the Group as at 30 June 2020 were RMB482.3 million (31 December 2019: RMB442.6 million). The net assets of the Group as at 30 June 2020 decreased to RMB2,217.6 million (31 December 2019: RMB2,232.7 million), representing a decrease of 0.7%. The fluctuation represents mainly impacts on changes in accounting policies.

FOREIGN EXCHANGE EXPOSURE

The business operations 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 and United States dollars. The Company pays dividends in Hong Kong dollars. These exposed the Group to foreign exchange risks arising from the movements in the exchange rate between Hong Kong dollars and RMB. For the six months ended 30 June 2020, the Group recorded a net foreign exchange gain of RMB0.9 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 30 June 2020, the total number of employees of the Group was 481. 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 used the key performance indicators assessment system to assess the performance of employees 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 at 30 June 2020, these legal proceedings were ongoing. The Group has made an accumulated provision of RMB2.4 million (31 December 2019: RMB0.6 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 ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

Except for the acquisition of 1% of the equity interest in a company which owns a development project in Zhuhai for a consideration of RMB500,000 (further details of which were disclosed in the Company's announcements dated 10 February 2020 and 19 February 2020), there are no material acquisition and disposal of subsidiaries and associated companies during the period under review.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee (the "**Audit Committee**") of the Board comprises three independent non-executive Directors, namely Mr. FOK Hei Yu (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 six months ended 30 June 2020, the Audit Committee held one meetings with the management and the auditor of the Company on the auditing, internal controls and financial reporting matters of the Group, and review the Group's internal control and the annual results for the year ended 31 December 2019.

REVIEW OF THE INTERIM RESULTS

The Group's unaudited interim results for the six months ended 30 June 2020 have not been audited but have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE

In the opinion of the Directors, throughout the six months ended 30 June 2020, the Company has complied with the principles and the applicable code provisions of the Corporate Governance Code contained in Appendix 14 to The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") except for the following deviations from Code Provision A.2.1.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Yang Xiangbo, who passed away on 2 June 2020, had ceased to act as the Co-Chairman of the Company from 26 May 2020. Mr. Yang Ti Wei, the Chief Executive Officer of the Company, was appointed as the Co-Chairman of the Company with effect from 26 May 2020. The Board believes that vesting the roles of both Co-Chairman and Chief Executive Officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient on overall strategic planning for the Group. In addition, Mr. Hao Jianmin, as the Co-Chairman of the Board, shares the role and responsibilities as chairman of the Board with Mr. Yang Ti Wei. The Board believes that the balance of power and authority is adequately ensured by the operation of the Board, which comprises experienced and high calibre individuals with a sufficient number thereof being Independent Non-executive Directors.

The internal audit department (the "**Internal Audit Department**") of the Group has reported its findings and work plan to the Audit Committee twice a year, and the Board and the Audit Committee then reviewed the Group's material controls, including financial, operational and compliance controls and risk management functions.

The Board, together with the Audit Committee, have 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.

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 continue to conduct periodic review on the internal controls of the Group and report their findings to the Audit Committee and the Board.

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 Directors confirm that they have complied with the Model Code during the six months ended 30 June 2020.

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 six months ended 30 June 2020.

PUBLICATION OF THE INTERIM REPORT

This announcement is published on the websites of Stock Exchange and the Company. The interim report for the six months ended 30 June 2020 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
Co-Chairman, Chief Executive Officer and Executive Director

Hong Kong, 20 August 2020

As at the date of this announcement, the Board comprises Mr. YANG Ti Wei (Co-Chairman and Chief Executive Officer), Mr. HAO Jian Min (Co-Chairman) as the executive Directors; Ms. HUANG Xue Rong as the non-executive Director; and Mr. CHEN Fengliang, Mr. JIANG Hongkai and Mr. FOK Hei Yu as the independent non-executive Directors.