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 2020

The following sets forth a summary of the audited consolidated results of the Group for the year ended 31 December 2020:

– Revenue was RMB481.1 million, representing a decrease of 39.5% compared with the revenue of RMB794.6 million in 2019;

– Operating profit was RMB28.1 million, representing a decrease of 91.6% compared with operating profit of RMB333.2 million in 2019;

– Loss attributable to owners of the Company was RMB75.1 million as compared with the profit attributable to the owners of the Company of RMB136.8 million in 2019;

– Basic loss per share was RMB0.03, as compared to basic earning per share of RMB0.05 in 2019; and

– Net asset value per share was RMB0.85, compared to RMB0.89 in 2019.

In view of the loss attributable to owners of the Company for 2020, the board (the "**Board**") of directors (the "**Directors**") of the Company does not recommend any final dividend for the year ended 31 December 2020.

I. FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020, together with the comparative figures for the year ended 31 December 2019.

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Revenue	*5*	**481,077**	794,582
Other operating revenue	*6*	**43,884**	34,886
Other losses – net	*7*	**(14,704)**	(63,181)
Fair value adjustment on investment properties	*14*	**(149,140)**	(21,272)
Purchase of and changes in inventories	*8*	**(15,097)**	(105,505)
Employee benefit expenses	*8, 9*	**(139,740)**	(151,525)
Depreciation and amortisation expenses	*8*	**(24,995)**	(37,638)
Net impairment losses on financial and contract assets	*8*	**(39,026)**	(751)
Operating lease rental expenses	*8*	**–**	(1,759)
Other operating expenses – net	*8*	**(114,125)**	(114,609)
Operating profit		**28,134**	333,228
Finance income	*10*	**11,646**	12,445
Finance costs	*10*	**(82,582)**	(74,518)
Finance costs – net	*10*	**(70,936)**	(62,073)
Share of losses of an associate and a joint venture		**(213)**	(2,762)
(Loss)/profit before income tax		**(43,015)**	268,393
Income tax expenses	*11*	**(32,095)**	(131,608)
(Loss)/profit for the year		**(75,110)**	136,785
(Loss)/profit attributable to:			
Owners of the Company		**(75,116)**	136,811
Non-controlling interests		**6**	(26)
		(75,110)	136,785
(Loss)/earning per share for the (loss)/profit attributable to owners of the Company (expressed in RMB per share)			
– Basic and diluted	*12*	**(0.03)**	0.05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
(Loss)/profit for the year	**(75,110)**	136,785
Other comprehensive income:		
Item that may be reclassified to profit or loss:		
Currency translation differences	**3,320**	(22)
Item that will not be reclassified to profit or loss:		
Change in fair value of investment properties upon transfer, net of tax	**–**	66,811
Other comprehensive income for the year	**3,320**	66,789
Total comprehensive (loss)/income for the year	**(71,790)**	203,574
Attributable to:		
Owners of the Company	**(71,796)**	203,600
Non-controlling interests	**6**	(26)
Total comprehensive (loss)/income for the year	**(71,790)**	203,574

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2020	2019
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Investment properties	*14*	**2,601,561**	2,706,350
Property, plant and equipment	*15*	**253,817**	303,386
Intangible assets		**8,204**	12,223
Investment in an associate and a joint venture		**739**	952
Deferred income tax assets		**19,664**	9,788
Trade receivables, other receivables and prepayments	*17*	**712,652**	333,001
		3,596,637	3,365,700
Current assets			
Inventories		**9,123**	9,654
Financial assets at fair value through profit or loss	*16*	**258,285**	322,660
Trade receivables, other receivables and prepayments	*17*	**245,287**	230,909
Contract assets	*17*	**–**	361,430
Restricted bank deposits		**32,409**	24,000
Cash and cash equivalents		**106,784**	62,457
		651,888	1,011,110
Total assets		**4,248,525**	4,376,810

	Note	As at 31 December 2020 RMB'000	2019 RMB'000
EQUITY			
Share capital		**213,908**	213,908
Share premium		**751,091**	793,269
Shares held for share award scheme		**(214)**	(1,171)
Other reserves		**443,628**	427,307
Retained profits		**697,848**	786,837
Equity attributable to the owners of the Company		**2,106,261**	2,220,150
Non-controlling interests		**12,555**	12,549
Total equity		**2,118,816**	2,232,699
LIABILITIES			
Non-current liabilities			
Lease liabilities		**1,011,098**	1,142,812
Deferred income tax liabilities		**210,017**	217,180
Borrowings	*20*	**266,550**	215,644
		1,487,665	1,575,636
Current liabilities			
Lease liabilities		**86,144**	81,584
Trade and other payables	*18*	**186,768**	185,340
Contract liabilities	*19*	**60,875**	112,045
Borrowings	*20*	**105,503**	35,600
Income tax payable		**202,754**	153,906
		642,044	568,475
Total liabilities		**2,129,709**	2,144,111
Total equity and liabilities		**4,248,525**	4,376,810

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 Suite 3204, Unit 2A, Block 3, Building D, P.O. Box 1586, Gardenia Court, Camana Bay, Grand Cayman, KY1-1100, Cayman Islands.

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

2. BASIS OF PREPARATION

These annual financial statements for the year ended 31 December 2020 have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**") and requirements of the Hong Kong Companies Ordinance ("**HKCO**") Cap.622.

3. CHANGES IN ACCOUNTING POLICIES

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

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

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- 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

The Group also elected to adopt the following amendments early.

- Covid-19 — Related Rent Concessions – Amendments to IFRS 16

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods, except for the Amendments to IFRS 16 set out above.

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

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

		Effective for annual periods beginning on or after
Amendments to IFRS9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest rate benchmark reform – phrase 2	1 January 2021
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 associates or joint ventures	To be determined

The above new and revised standards and amendments to existing standards are effective for annual periods beginning after 1 January 2021 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group except for IFRS 17. The Group is in the process of assessing the impact of IFRS 17 on the Group's consolidated financial statements.

4. SEGMENT INFORMATION

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

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

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

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

The segment information is as follows:

		Year ended 31 December 2020			
	Note	**Department stores business** *RMB'000*	**Property business** *RMB'000*	**Others** *RMB'000*	**Group** *RMB'000*
Revenue	*(a)*	**254,200**	**226,877**	**–**	**481,077**
Timing of revenue recognition					
At a point in time		**40,215**	**–**	**–**	**40,215**
Overtime		**213,985**	**226,877**	**–**	**440,862**
Other operating revenue		**43,534**	**–**	**350**	**43,884**
Other gain/(loss) – net		**49,370**	**(64,074)**	**–**	**(14,704)**
Fair value adjustment on investment properties		**(149,140)**	**–**	**–**	**(149,140)**
Purchase of and changes in inventories		**(15,097)**	**–**	**–**	**(15,097)**
Employee benefit expenses		**(62,185)**	**(64,910)**	**(12,645)**	**(139,740)**
Depreciation and amortisation expenses		**(15,313)**	**–**	**(9,682)**	**(24,995)**
Net impairment losses on financial and contract assets		**(39,026)**	**–**	**–**	**(39,026)**
Other operating expenses, net		**(96,240)**	**(2,300)**	**(15,585)**	**(114,125)**
Operating (loss)/profit		**(29,897)**	**95,593**	**(37,562)**	**28,134**
Finance income		**11,639**	**–**	**7**	**11,646**
Finance costs		**(76,413)**	**(5,618)**	**(551)**	**(82,582)**
Finance costs – net		**(64,774)**	**(5,618)**	**(544)**	**(70,936)**
Share of losses of an associate and a joint venture		**(213)**	**–**	**–**	**(213)**
(Loss)/profit before income tax		**(94,884)**	**89,975**	**(38,106)**	**(43,015)**
Income tax expenses		**14,149**	**(46,244)**	**–**	**(32,095)**
(Loss)/profit for the year		**(80,735)**	**43,731**	**(38,106)**	**(75,110)**

		Year ended 31 December 2019			
	Note	**Department stores business** *RMB'000*	**Property business** *RMB'000*	**Others** *RMB'000*	**Group** *RMB'000*
Revenue	*(a)*	300,739	493,843	–	794,582
Timing of revenue recognition					
At a point in time		131,222	–	–	131,222
Overtime		169,517	493,843	–	663,360
Other operating revenue		34,886	–	–	34,886
Other gain/(loss) – net		1,360	(64,541)	–	(63,181)
Fair value adjustment on investment properties		(21,272)	–	–	(21,272)
Purchase of and changes in inventories		(105,505)	–	–	(105,505)
Employee benefit expenses		(78,782)	(60,303)	(12,440)	(151,525)
Depreciation and amortisation expenses		(28,819)	–	(8,819)	(37,638)
Net impairment losses on financial and contract assets		(751)	–	–	(751)
Operating lease rental expenses		(1,759)	–	–	(1,759)
Other operating expenses, net		(99,240)	(379)	(14,990)	(114,609)
Operating profit/(loss)		857	368,620	(36,249)	333,228
Finance income		12,378	67	–	12,445
Finance costs		(65,037)	(6,088)	(3,393)	(74,518)
Finance costs – net		(52,659)	(6,021)	(3,393)	(62,073)
Share of losses of an associate and a joint venture		(2,762)	–	–	(2,762)
(Loss)/profit before income tax		(54,564)	362,599	(39,642)	268,393
Income tax expenses		(17,118)	(114,490)	–	(131,608)
(Loss)/profit for the year		(71,682)	248,109	(39,642)	136,785

(a) Revenues of approximately RMB226,877,000 (2019: RMB493,843,000) are derived from a single external customer. These revenues are attributed to the Property business segment (note 5(a)).

5. REVENUE

	Note	Year ended 31 December 2020 RMB'000	2019 RMB'000
Property development consulting service income	*(a)*	**226,877**	493,843
Rental income		**213,618**	169,517
Direct sales		**15,847**	116,638
Commission from concessionaire sales		**381**	12,193
Income from reversal of long-aged pre-paid gift card and unredeemed award credits		**24,354**	2,391
		481,077	794,582

(a) On 8 April 2019, the Group entered into two consultancy agreements (the "**Original Consultancy Agreements**") with Shenzhen Shengrunfeng Investment & Development Co., Ltd ("**SRF**") and Shenzhen Hexinglong Industrial Co., Ltd ("**HXL**") to provide property development consulting services. SRF and HXL 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.

On 30 December 2020, the Group entered into two termination agreements (the "**Termination Agreements**") with SRF and HXL for the purpose of terminating the property development consulting services effective from 30 December 2020 (the "**Termination Date**"). The service fees and the related expenses payable to the Group of RMB447.9 million for the period from 8 April 2019 up to 30 December 2020 will continue to be payable by SRF and HXL pursuant to the terms of the Termination Agreements. RMB226.9 million of property development consulting service income was recognised for the year ended 31 December 2020. As of 31 December 2020, RMB9.8 million have been received from SRF and HXR, and the remaining RMB438.1 million was included in amounts due from related companies (Note 17).

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

(b) Assets related to contracts with customers

The Group has recognised the following assets related to contracts with customers:

	As at 31 December 2020 RMB'000	2019 RMB'000
Current contract assets relating to property development consulting service	**–**	361,430

6. OTHER OPERATING REVENUE

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Promotion, administration and management income	**39,688**	29,745
Government grant	**2,975**	3,160
Credit card handling fees for concessionaire sales	**1,221**	1,981
	43,884	34,886

7. OTHER LOSSES – NET

		Year ended 31 December	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Compensation income	*(a)*	**26,700**	–
COVID-19-related-rent concession	*(b)*	**12,580**	–
Gain from termination of leases	*(c)*	**10,190**	–
Deposit forfeited for terminated lease agreements		**5,182**	–
Fair value change on financial assets at FVPL *(Note 16)*		**(64,107)**	(10,498)
(Provision for)/reversal of legal claims		**(5,739)**	2,878
Loss on disposals of property, plant and equipment		**(1,033)**	(620)
Loss on disposal of intangible assets		**(16)**	(29)
Deposit forfeited for terminated sale of financial assets at FVPL		**–**	67,306
Change in fair value of derivative financial instrument		**–**	(121,349)
Donation		**–**	(2,880)
Others		**1,539**	2,011
		(14,704)	(63,181)

(a) Pursuant to an agreement between the Group and a tenant, the Group is entitled to a minimum income during the contract period. A compensation income of RMB26,700,000 was recognised for the year ended 31 December 2020 (2019: Nil) in accordance with the relevant terms and conditions.

(b) Certain lessors agreed to offer rent concession to the Group, without changing the lease contracts, due to the outbreak of COVID-19. The Group recognised a gain of RMB12,580,000 of such rent concession for the year ended 31 December 2020 with a corresponding reduction in the lease liabilities.

(c) The Group has agreed with the lessor and the tenants of Hongling Store on early termination of the related lease contracts as a result of the closure of Hongling Store. A net gain of RMB4,190,000 was recognised resulting from the derecognition of related right-of-use assets and lease liabilities as the lessee as well as the derecognition of related finance lease receivables as the lessor. In addition, RMB6,000,000 of compensation received from the lessor was recognised as a gain due to early termination of the related lease contract proposed.

8. EXPENSES BY NATURE

		Year ended 31 December	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Purchase of and changes in inventories		**15,097**	105,505
Employee benefits expenses	*9*	**139,740**	151,525
Depreciation and amortisation expenses		**24,995**	37,638
Net impairment losses on financial and contract assets		**39,026**	751
Operating lease rental expenses	*(a)*	**–**	1,759
Utilities		**56,903**	57,997
Business travel expenses		**8,611**	11,342
Other tax expenses		**7,052**	10,248
Office expenses		**4,037**	4,557
Advertising costs		**4,032**	859
Cleaning fee		**3,582**	4,371
Auditor's remuneration			
– Audit services		**2,500**	2,500
– Other services		**600**	800
Bank charges		**2,682**	3,145
Transportation expenses		**1,363**	329
Net foreign exchange loss		**4,885**	1,194
Other expenses		**17,878**	17,267
Total expenses		**332,983**	411,787

(a) From 1 January 2019, upon the adoption of IFRS 16, the Group has recognised right-of use assets and lease liabilities, except for short-term and low value leases.

9. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Wages and salaries	**135,912**	142,823
Social security costs	**1,872**	8,411
Severance payment	**1,877**	–
Share-based compensation expenses	**9**	204
Others	**70**	87
Total employee benefit expenses	**139,740**	151,525

10. FINANCE INCOME AND COSTS

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Finance income		
Interest income from finance leases	**10,713**	11,613
Interest income from bank deposits	**933**	832
	11,646	12,445
Finance costs		
Interest expenses on operating leases as the leasee	**(57,233)**	(62,739)
Interest expenses on bank loans	**(25,349)**	(9,369)
Interest expenses on a loan from a shareholder	**–**	(2,410)
	(82,582)	(74,518)
Finance costs – net	**(70,936)**	(62,073)

11. INCOME TAX EXPENSES

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current income tax		
– PRC corporate income tax	**49,134**	115,142
Deferred income tax	**(17,039)**	16,466
	32,095	131,608

The tax on the Group's (loss)/profit 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:

	Note	Year ended 31 December	
		2020	2019
		RMB'000	*RMB'000*
(Loss)/profit before income tax		**(43,015)**	268,393
Tax calculated at a tax rate of 25% (2019: 25%)		**(10,754)**	67,098
Tax impact of:			
– Expenses not deductible for tax purposes	*(iv)*	**17,343**	33,317
– Unrecognised tax loss		**25,476**	31,193
Income tax expenses		**32,095**	131,608

(i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

(ii) Hong Kong profits tax has not been provided as the Group did not generate any assessable profits in Hong Kong during the year. Taxes on overseas profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

(iii) The applicable income tax rate are 25% for the Group's subsidiaries generally. Certain of the Company's PRC subsidiaries are entitle to small and micro entity tax credit, which enjoys the 20% tax rate and a 50% deduction of taxable income.

(iv) The fair value loss on the derivative financial instrument and financial assets at FVPL for the year ended 31 December 2020 is not deductible for tax purpose.

12. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earning per share

Basic (loss)/earning per share is calculated by dividing:

- The (loss)/profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by

- The weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding shares held for employee share scheme.

	Year ended 31 December	
	2020	2019
(Loss)/profit attributable to owners of the Company (in RMB thousand)	**(75,116)**	136,811
Weighted average number of ordinary shares in issue (thousands)	**2,494,521**	2,492,871
Basic (loss)/earning per share (RMB per share)	**(0.03)**	0.05

(b) Diluted (loss)/earning per share

Diluted (loss)/earning per share adjusts the figures used in the determination of basic (loss)/earning per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	Year ended 31 December	
	2020	2019
(Loss)/earning (in RMB thousands)		
(Loss)/profit attributable to owners of the Company	**(75,116)**	136,811
Weighted average number of ordinary shares (thousands)		
Weighted average number of ordinary shares in issue	**2,494,521**	2,492,871
Adjustments for awarded shares	**91**	1,740
Weighted average number of ordinary shares for diluted (loss)/earning per share	**2,494,612**	2,494,611
Diluted (loss)/earning per share (RMB per share)	**(0.03)**	0.05

13. DIVIDENDS

Pursuant to the resolutions passed by the annual general meeting of the Company held on 22 June 2020, a final dividend of HK$0.0157 (equivalent to approximately RMB0.0143) per share, amounting to HK$39,172,000 (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.

Pursuant to the resolutions passed by the Board of Directors of the Company held on 20 August 2020, an interim dividend of HK$0.0029 (equivalent to approximately RMB0.0026) per share, amounting to HK$7,235,500 (equivalent to approximately RMB6,487,000) out of the share premium account for the six months ended 30 June 2020 was approved and paid by the Company in October 2020.

In view of the loss incurred for the year ended 31 December 2020, the Board does not recommend any final dividend of the Company for the year ended 31 December 2020.

	2020	2019
	RMB'000	*RMB'000*
Ordinary shares		
Interim dividend paid of RMB0.0026 (2019: RMB0.0021) per ordinary share	**6,487**	5,361
Final dividend of 2019 of RMB0.0143 (2018: RMB0.0093) per ordinary share	**35,639**	23,418
	42,126	28,779

14. INVESTMENT PROPERTIES

	Note	Buildings	Right-of-use assets	Total
		RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2019				
As at 1 January 2019		730,800	1,554,080	2,284,880
Capitalised subsequent expenditure		–	77,705	77,705
Transfer from property, plant and equipment	*15, (i)*	275,955	–	275,955
Increase in fair value upon transfer charged to other comprehensive income		89,082	–	89,082
Increase in fair value upon transfer charged to profit and loss		29,663	–	29,663
Net gain/(loss) from fair value adjustment		9,750	(60,685)	(50,935)
As at 31 December 2019		1,135,250	1,571,100	2,706,350
Year ended 31 December 2020				
As at 1 January 2020		**1,135,250**	**1,571,100**	**2,706,350**
Capitalised subsequent expenditure		**30,664**	**13,687**	**44,351**
Net losses from fair value adjustment		**(30,365)**	**(118,775)**	**(149,140)**
As at 31 December 2020		**1,135,549**	**1,466,012**	**2,601,561**

(i) During the year ended 31 December 2019, the Group leased out certain owner-occupied and leased-in premises to third parties. Accordingly, the Group transferred these assets with an aggregate carrying amount of RMB275,955,000 from property, plant and equipment to investment properties at fair value of RMB394,700,000 and recognised an increase in fair value of RMB89,082,000 as revaluation surplus within other reserves, and an increase in fair value of RMB29,663,000 was recognised in profit and loss as there were impairment losses recognised for the these properties in prior years.

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

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

(iii) As at 31 December 2020, the buildings at fair value of RMB625,300,000 (2019: RMB616,450,000) were secured against certain long-term bank borrowings (Note 20 (i)).

15. PROPERTY, PLANT AND EQUIPMENT

	Other property, plant and equipment	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2019			
As at 1 January 2019	541,992	99,302	641,294
Additions	2,608	–	2,608
Transfer to investment properties *(Note 14)*	(275,955)	–	(275,955)
Right-of-use assets subleased out under finance leases	–	(29,906)	(29,906)
Depreciation charge	(15,604)	(17,665)	(33,269)
Disposals	(1,386)	–	(1,386)
As at 31 December 2019	251,655	51,731	303,386
Year ended 31 December 2020			
As at 1 January 2020	**251,655**	**51,731**	**303,386**
Additions	**2,895**	**–**	**2,895**
Depreciation charge	**(8,037)**	**(12,844)**	**(20,881)**
Disposals	**(1,738)**	**(29,845)**	**(31,583)**
As at 31 December 2020	**244,775**	**9,042**	**253,817**

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unlisted equity securities *RMB'000*	**Listed equity securities** ***(Note a)*** *RMB'000*	**Wealth management products** *RMB'000*	**Total** *RMB'000*
Year ended 31 December				
As at 1 January 2019	–	–	13,000	13,000
Additions	4,223	328,870	135,790	468,883
Disposals	–	–	(148,790)	(148,790)
Fair value change recognised in profit or loss *(Note 7)*	–	(10,498)	–	(10,498)
Currency translation difference	65	–	–	65
As at 31 December 2019	4,288	318,372	–	322,660
Year ended 31 December				
As at 1 January 2020	**4,288**	**318,372**	**–**	**322,660**
Fair value change recognised in profit and loss	**–**	**(64,107)**	**–**	**(64,107)**
Foreign exchange differences	**(268)**	**–**	**–**	**(268)**
As at 31 December 2020	**4,020**	**254,265**	**–**	**258,285**

(a) The balance represents investment in 1,320,000,000 ordinary shares of TFG International Group Limited ("**TFG**"), represently approximately 19% of the total issued share capital of TFG, which is recognised as financial assets at FVPL.

17. TRADE RECEIVABLES, OTHER RECEIVABLES, PREPAYMENTS AND CONTRACTS ASSETS

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

		As at 31 December 2019		
		Current	Non-current	Total
	Note	RMB’000	RMB’000	RMB’000
Trade receivables	*(a)*	4,042	–	4,042
Amounts due from related parties	*5(a)*	417,679	–	417,679
Contract assets		361,430	–	361,430
Trade receivables		56,249	–	56,249
Receivables from operating leases	*(b)*	42,131	44,008	86,139
Receivables from finance leases	*(c)*	17,532	169,959	187,491
Interest receivables		337	–	337
Receivable from a trustee for the share purchase for the employees’ share award scheme		361	–	361
Lease deposits		10,943	21,724	32,667
Other receivables		6,184	–	6,184
		499,209	235,691	734,900
Less: provision for impairment loss allowance		(751)	–	(751)
Financial assets at amortised cost		498,458	235,691	734,149
Prepayments	*(d), (e)*	93,881	97,310	191,191
Total trade and other receivables		592,339	333,001	925,340

(a) Trade receivables

The trade receivables are receivables of sales from corporate customers.

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

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
0 – 30 days	**1,716**	3,169
31 – 90 days	**–**	537
91 – 365 days	**–**	336
	1,716	4,042

The Group applies the IFRS simplified approach to measure expected credit losses which was a lifetime expected loss allowance for all trade receivables. As at December 2020, no impairment loss allowance was made based on the management's assessment (2019: nil).

All trade receivables are denominated in RMB and their fair values approximated their carrying amounts as at 31 December 2020.

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

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

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current	**66,164**	58,385
0 - 30 days	**4,637**	21,759
31 - 90 days	**8,083**	3,685
91 - 365 days	**26,394**	2,310
More than 365 days	**5,563**	–
	110,841	86,139

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

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

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Finance lease receivables	**173,994**	220,104
Unguaranteed residual values	**22,432**	22,432
Gross investment in finance leases	**196,426**	242,536
Less: unearned finance income	**(40,777)**	(55,045)
Net investment in finance leases	**155,649**	187,491
Less: accumulated allowance for impairment	**(1,236)**	–
Finance lease receivables – net	**154,413**	187,491

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

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Gross investment in finance leases		
– Within 1 year	**29,846**	28,947
– Between 1 and 2 years	**25,561**	29,349
– Between 2 and 3 years	**25,969**	29,367
– Between 3 and 4 years	**25,969**	30,004
– Between 4 and 5 years	**26,210**	30,004
– Later than 5 years	**62,871**	94,865
	196,426	242,536

(d) On 21 November 2019, Shenzhen Shirble Enterprise Management Company Limited (the "**Purchaser**"), a wholly-owned subsidiary of the Group, Zhuhai Xiangqi Real Estate Development Company Limited (the "**Vendor**"), and Zhuhai Xiangqi Real Estate Development Company Limited (the "**Target Company**") entered into a capital injection and acquisition agreement (the "**Acquisition Agreement**"), pursuant to which (i) the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the entire equity interest in the Target Company for the consideration of RMB38,000,000 and (ii) the Purchaser has agreed to inject the capital of RMB40,000,000 into the Target Company. Apart from the payments of the abovementioned share consideration and capital injection, the Group also paid RMB47,180,000 as advance to the Target Company. Since the acquisition was not completed by 31 December 2020, RMB125,180,000 of cash paid to the Vendor in aggregate by the Group was recognised as current portion of prepayments (31 December 2019: RMB80,650,000).

In addition, pursuant to the Acquisition Agreement, the Group will settle the shareholder's loan amounting to RMB112,800,000 on behalf of the Target Company, which RMB40,000,000 (2019: RMB40,000,000) and RMB47,180,000 (2019: RMB2,650,000) were already settled in the form of abovementioned capital injection and advances to the Target Company respectively as at 31 December 2020. The remaining RMB25,620,000 (2019: RMB70,150,000) will be settled upon completion of the acquisition of the Target Company. Furthermore the Target Company has existing secured long-term bank loan amounting to RMB254,200,000 (2019: RMB254,200,000) which will be settled by the Group when the transaction is completed.

(e) As at 31 December 2020 and 2019, RMB62,950,000 of deposit for the acquisition of the land was included in the non-current portion of prepayments. Save for abovementioned, the remaining balance of the non-current portion of prepayment represented the Group's cash paid to third parties for the purchase of property, plant and equipment and intangible assets.

18. TRADE AND OTHER PAYABLES

		As at 31 December	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Lease deposits		**84,076**	87,581
Other tax payables		**43,962**	25,528
Accrued wages and salaries		**15,453**	21,007
Trade payables	*(i)*	**1,346**	4,504
Accrual for legal claims		**6,311**	573
Amount due to a related party		**211**	201
Other payables and accruals		**35,399**	45,946
		186,768	185,340

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

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
0 – 30 days	**1,346**	2,402
31 – 60 days	**–**	954
61 – 90 days	**–**	753
91 – 365 days	**–**	395
	1,346	4,504

(ii) All trade and other payables are denominated in RMB and their fair values approximated their carrying amounts as at 31 December 2020.

19. CONTRACT LIABILITIES

		As at 31 December	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Advances received from customers	*(i)*	**57,029**	91,533
Deferred income	*(ii)*	**3,846**	20,512
		60,875	112,045

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

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

20. BORROWINGS

	Note	As at 31 December 2020 RMB'000	2019 RMB'000
Non-current			
Secured long-term bank borrowings	*(i)*	**266,550**	215,644
Current			
Current portion of secured long-term bank borrowings	*(i)*	**26,667**	26,667
Unsecured short-term borrowing	*(ii)*	**78,836**	8,933
		105,503	35,600
		372,053	251,244

(i) The Group's long-term bank borrowings were denominated in RMB and secured by certain buildings at the fair value of RMB625,300,000 (2019: RMB616,450,000) (Note 14 (iii)). During the year ended 31 December 2020, the weighted average effective interest rate was 6.54% (2019: 6.25%) per annum.

(ii) As at 31 December 2020 and 2019, the unsecured short-term borrowing was denominated in RMB and HKD, respectively, and was repayable within one year. During the year ended 31 December 2020, the weighted average effective interest rate was 6.50% (2019: 4.29%) per annum.

(iii) At 31 December 2020, the Group's bank and other borrowings were repayable as follows:

	As at 31 December 2020 RMB'000	2019 RMB'000
Within 1 year	**105,503**	35,600
Between 1 and 2 years	**26,667**	26,667
Between 2 and 5 years	**40,000**	125,644
Over 5 years	**199,883**	63,333
	372,053	251,244

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

21. CAPITAL COMMITMENTS

(a) Capital commitments

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

		As at 31 December	
		2020	2019
	Note	***RMB'000***	*RMB'000*
Purchases of property, plant and equipment		**24,535**	43,915
Acquisition of land	*(i)*	**189,650**	189,650
Acquisition of the Target Company	*17(d)*	**279,820**	324,350
		494,005	557,915

(i) On 14 December 2018, Xuyi Shirble, a non-wholly owned subsidiary of the Group, has successfully bid the tender to acquire ten parcels of land use rights in Xuyi, Jiangsu Province, the PRC, for a total consideration of RMB252,600,000. Xuyi Shirble has paid RMB62,950,000 as the deposit for the acquisition of the land as at 31 December 2020.

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

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

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Buildings:		
Within 1 year	**240,085**	239,672
Between 1 and 2 years	**220,507**	215,531
Between 2 and 3 years	**184,331**	177,785
Between 3 and 4 years	**165,823**	159,004
Between 4 and 5 years	**149,572**	143,802
Later than 5 years	**432,450**	345,102
	1,392,768	1,280,896

II. MANAGEMENT DISCUSSION AND ANALYSIS

The coronavirus ("**COVID-19**") pandemic has swept the world since the end of 2019 and resulted in severe difficulties in the global economy. The PRC is one of the very few countries to bring the pandemic under control and achieve a relatively quick economic recovery. According to a publicly available market research, online sales in the PRC grew in the third quarter of 2020, offline retail sales in the PRC also rebounded following the pandemic. According to the National Bureau of Statistics of China ("**NBS**"), the gross domestic product ("**GDP**") of the PRC in 2020 was RMB101.6 trillion, representing an increase of 2.3% from the last year. For the national consumer price index (CPI), a 0.2% increase was recorded for 2020 as compared to 2019, representing an annual growth of 2.5%, while the total online retail sales in the PRC throughout 2020 recorded a 10.9% increase as compared to 2019.

The Group will continue to focus on the retail business and strengthen the online sales channels to maintain competitiveness in the PRC market.

BUSINESS REVIEW OF THE GROUP

Our operating results for the year ended 31 December 2020 are presented in three reportable operating segments, namely (a) department store business, (b) property business and (c) others. During the year, the Group recorded revenue of RMB481.1 million (2019: RMB794.6 million). Loss attributable to owners of the Company amounted to RMB75.1 million (2019: Profit: RMB136.8 million). The decreases were mainly due to the outbreak of COVID-19 pandemic, which has an adverse impact on both the Group's physical retail business and the consulting fee generated from the PRC property market.

Department stores business

Over the past two years, the business model of the Group's department store business has changed. Apart from the upgrading of its traditional department store to "Shirble Plaza", a one-stop shopping mall concept, the Group continues to improve and keep up with the demand for high-quality food and product consumption and services amongst the middle-class population in the PRC. The Group has been cooperating with Shenzhen Hema Network Technology Co., Ltd. ("**Hema Shenzhen**") to upgrade most of the Group's department store space for the traditional supermarket business in Shenzhen to "Freshippo" since 2018. The Group has also been cooperating 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.

The upgrading can meet the consumption needs of customers, enhance their experience and inspire the overall atmosphere of shopping malls. Despite dampened footfall under the pandemic, the Group will continue to push for the implementation of the online-to-offline "new retail" concept to mitigate the uncertainty brought by the recurring pandemic and at the same time further explore the revenue from online sales.

As of 31 December 2020, the Group owned and/or operated 16 department stores with a total gross floor area of approximately 301,030.1 sq.m..

Property business

From 2018 onwards, Shirble has been pursuing the property development and project management business. Shenzhen Shirble Enterprise Management Co., Ltd. ("**Shirble Management**"), a wholly-owned subsidiary of the Company, acquired a parcel of land in Jinwan District, Zhuhai through an equity acquisition entered into in November 2019. The land has been developed into a two-building complex which is scheduled to be available for sales/ lease in 2021.

Meanwhile, Shirble Management entered into two property development consulting service agreements (the "**Integrated Consulting Service Agreements**") with Shenzhen Shengrunfeng Investment & Development Co., Ltd. ("**SRF**") and Shenzhen Hexinglong Industrial Co., Ltd. ("**HXL**") in 2019 to provide consulting service in respect of two development projects located in Futian District and Bao'an District in Shenzhen, respectively. Due to the impact of the COVID-19 outbreak on the property market in the PRC, there were delays in the development and pre-sales of the two projects. After arm's length negotiations between the Group and SRF and HXL and considering the interests of the Group, Shirble Management entered into two termination agreements with both companies to terminate the Integrated Consulting Service Agreements, with effect from 30 December 2020. Further information on the termination agreements was disclosed in the Company's announcement dated 30 December 2020.

BUSINESS OUTLOOK

Given the fickle situation of the COVID-19 pandemic in recent months, countries have implemented restrictions on local and cross-border activities again, which indeed hinders trade and transportation flow and affects regional economy. However, COVID-19 has also brought new opportunities and new norms to the market, with daily necessities and e-commerce being the prime beneficiaries.

Under the impact of the pandemic, the types, locations and modes of shopping have changed, the landscape of retail has been transformed, and such changes are happening on a global scale. For instance, the pandemic has led to mass purchase of food reserves, hygiene, cleaning and sanitation products, and consumer goods are gradually shifting from light luxury goods such as clothes and accessories to daily necessities. As prevention and control measures of the pandemic have limited outdoor activities, "contact-free" online consumption has become a shopping norm to complement traditional offline consumption.

Taking advantages from the cooperation with Hema Shenzhen and Hema Shanghai, and the "new retail" concept of "Freshippo" and "盒馬里•歲寶", the Group has captured business development opportunities under the sluggish market. It provides customers with high-class, quality and convenient supermarket and department store experiences and, more importantly, its integrated online-to-offline shopping concept timely addresses the daily needs of customers, while its community-based positioning offers a more direct exposure to the majority of the community consumer groups, fulfilling the Group's management philosophy of "customer first" and accomplishing the mission of serving the public. The Group hopes to expand to a wider range of services by accelerating the integration of online and offline services for different businesses, and to continue to upgrade and transform the retail operation of Shirble's department stores with digital technology.

Meanwhile, given the macroeconomic uncertainties in the market, the property industry may face greater difficulties, including higher operating costs and delays of varying degrees. To mitigate such risks, the Group may sell our property projects as and when appropriate and pivot on the retail business for further development.

Looking ahead, it is anticipated that COVID-19 and sino-foreign relations will continue to bring challenges to the world. With our leading advantages in the industry and solid foundations, the Group is still confident about our overall business trend. We will employ prudent business strategies to reduce the impact of macroeconomy and the pandemic on the Group. We will continue to polish our business and enhance service quality with a view to maintaining our reputation and competitiveness in the industry. The Group will also strive for increasing revenue and pursuing a balanced growth by closely monitoring the market development and exploring opportunities, in an effort to create more values for our shareholders.

Mr. Yang Xiangbo, the founder of Shirble, passed away in June 2020. His management position has been taken up by Mr. Yang Ti Wei.

III. FINANCIAL REVIEW

The Group's operating results for the year ended 31 December 2020 are presented in three reportable segments, namely (i) department store business; (ii); property 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

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

Revenue of the Group amounted to RMB481.1 million for the year ended 31 December 2020, representing a decrease of 39.5% as compared to RMB794.6 million for the year ended 31 December 2019. Revenue contributed from the department stores business for the year ended 31 December 2020 amounted to RMB254.2 million (2019: RMB300.7 million), or 52.8% of the Group's total revenue. Revenue contributed from the property business for the year ended 31 December 2020 amounted to RMB226.9 million (2019: RMB493.8 million), or 47.2% of the Group's total revenue in the same year.

Loss attributable to owners of the Company amounted to RMB75.1 million for the year ended 31 December 2020, as compared with profit attributable to owners of the Company of RMB136.8 million for the year ended 31 December 2019. Analysis on the fluctuations of different segments of the Group is detailed in the following sub-sections.

(b) Department store business segment

Set out below is the segmental information of the Group's department store business for the year ended 31 December 2020, together with the comparative figures for the same period in 2019:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Revenue	**254,200**	300,739
Other operating revenue	**43,534**	34,886
Other gains – net	**49,370**	1,360
Fair value adjustment on investment properties	**(149,140)**	(21,272)
Purchase of and changes in inventories	**(15,097)**	(105,505)
Employee benefit expenses	**(62,185)**	(78,782)
Depreciation and amortisation expenses	**(15,313)**	(28,819)
Net impairment losses on financial and contract assets	**(39,026)**	(751)
Operating lease rental expenses	**–**	(1,759)
Other operating expenses, net	**(96,240)**	(99,240)
Operating (loss)/profit	**(29,897)**	857
Finance income	**11,639**	12,378
Finance costs	**(76,413)**	(65,037)
Finance costs – net	**(64,774)**	(52,659)
Share of losses of an associate and a joint venture	**(213)**	(2,762)
Loss before income tax	**(94,884)**	(54,564)
Income tax expenses	**14,149**	(17,118)
Loss for the year	**(80,735)**	(71,682)

Revenue

Following the completion of store renovation and upgrade, the Group's business operating model has also undergone a structural change, with major revenue streams migrating from direct sales and concessionaire sales commission to sublease/lease rental income. Revenue breakdown of the Group's department store business for the two years ended 31 December 2020 and 2019 were as follows:

	Year ended 31 December		Percentage of department store's revenue of the Group	
	2020	2019	**2020**	2019
	RMB'000	*RMB'000*	*%*	*%*
Rental income	**213,618**	169,517	**84.0**	56.4
Direct sales	**15,847**	116,638	**6.2**	38.8
Commission from concessionaire sales	**381**	12,193	**0.1**	4.0
Income from reversal of long-aged pre-paid gift cards and unredeemed awarded credits	**24,354**	2,391	**9.7**	0.8
Total	**254,200**	300,739	**100.0**	100.0

Due to the outbreak of COVID-19, where there were losses brought about by rent waiver amounting to RMB18.5 million offered to tenants of the Group, as well as early termination and/or breach of certain existing lease contracts, which was mitigated by the revenue generated from the resumption of sales upon completion of store upgrade and the structural change in business model, the overall revenue from the Group's department store business decreased by 15.5%, from RMB300.7 million in 2019 to RMB254.2 million in 2020. Major revenue streams also changed, with (i) rental income increased by 26.0% to RMB213.6 million for the year ended 31 December 2020 from RMB169.5 million in 2019; (ii) direct sales decreased significantly by 86.5% to RMB15.8 million for the year ended 31 December 2020 from RMB116.6 million in 2019; (iii) commission from concessionaire sales decreased significantly by 96.7% to RMB0.4 million for the year ended 31 December 2020 from RMB12.2 million in 2019; and (iv) income from reversal of long-aged unredeemed pre-paid cards and membership card reward points, amounted to RMB24.4 million for the year ended 31 December 2020 and increased from RMB2.4 million for the same period in 2019. The increase was mainly due to an one-off income of RMB17.2 million recognized from the reversal of long-aged unredeemed awarded credits.

Other operating revenue

Other operating revenue increased by 24.6% to RMB43.5 million for the year ended 31 December 2020 from RMB34.9 million in 2019, due to the increase in promotion, administration and management income following the resumption of full operations at stores.

Other gains – net

Other gains – net amounted to RMB49.4 million for the year ended 31 December 2020, as compared with other gains – net of RMB1.4 million in 2019, representing primarily the compensation income of RMB26.7 million, COVID-19-related-rent concession of RMB12.6 million and gain from termination leases of RMB10.2 million. No Such other gains were in the same period of 2019.

Fair value adjustment on investment properties

Fair value losses on investment properties increased to RMB149.1 million for the year ended 31 December 2020 from RMB21.3 million in 2019, mainly due to the outbreak of COVID-19.

Purchase of and changes in inventories

Purchase of and changes in inventories amounted to RMB15.1 million for the year ended 31 December 2020, representing a significant decrease of 85.7% as compared with RMB105.5 million in 2019, which is in line with the decrease in direct sales. Purchase of and changes in inventories accounted for 95.6% of the Group's direct sales for the year ended 31 December 2020 as compared with 90.5% in 2019.

Employee benefit expenses

Employee benefits expenses decreased by 21.1% to RMB62.2 million for the year ended 31 December 2020 from RMB78.8 million in 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 46.9% to RMB15.3 million for the year ended 31 December 2020 from RMB28.8 million in 2019 mainly due to the reclassification of certain properties from property, plant and equipment to investment properties in 2019 as a result of the change in business model.

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, decreased slightly by 3.0% to RMB96.2 million for the year ended 31 December 2020 from RMB99.2 million in 2019.

Operating loss

As a result of the reasons mentioned above, the operating loss of the department stores business segment amounted to RMB29.9 million for the year ended 31 December 2020 as compared to operating profit of RMB0.9 million in 2019.

Finance income

Finance income decreased by 6.5% to RMB11.6 million for the year ended 31 December 2020 as compared to RMB12.4 million in 2019, mainly due to the decrease in interest income from finance lease as a result of the adoption of IFRS 16 "Leases".

Finance costs

Finance costs increased by 17.5% to RMB76.4 million for the year ended 31 December 2020 as compared to RMB65.0 million in 2019, mainly due to the increase in interest on bank loans as a result of new bank loan drawdown.

Income tax expense

Income tax credit amounted to RMB14.1 million for the year ended 31 December 2020, as compared with income tax expense RMB17.1 million for the year ended 31 December 2019.

Loss for the year

As a result of the aforementioned, loss attributable to the department stores business segment amounted to RMB80.7 million for the year ended 31 December 2020, as compared with the loss of RMB71.7 million in 2019.

(c) Property business segment

Set out below is the segmental information of the Group's property business for the year ended 31 December 2020, together with the comparative figures for the same period in 2019:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Revenue	**226,877**	493,843
Other losses – net	**(64,074)**	(64,541)
Employee benefit expenses	**(64,910)**	(60,303)
Other operating expenses, net	**(2,300)**	(379)
Operating profit	**95,593**	368,620
Finance income	**–**	67
Finance costs	**(5,618)**	(6,088)
Finance costs – net	**(5,618)**	(6,021)
Profit before income tax	**89,975**	362,599
Income tax expense	**(46,244)**	(114,490)
Profit for the year	**43,731**	248,109

Revenue

Revenue from property business represents consulting service income from the Integrated Consulting Service Agreements with SRF and HXL, recognised based on the construction progress and estimated completion time of the underlying property development projects. For the year ended 31 December 2020, such revenue decreased by 54.1% from RMB493.8 million in 2019 to RMB226.9 million. The decrease was primarily due to the latest estimation of completion time of the projects as at 31 December 2020, which has been significantly delayed as a result of the COVID-19 pandemic. As a result of such delay, the Group has also entered into termination agreements with SRF and HXL on 30 December 2020 to terminate the Integrated Consulting Service Agreements with effect from 30 December 2020.

Other losses – net

Other net losses represent mainly the net fair value loss on financial asset at fair value through profit or loss in relation to the 1,320,000,000 shares of TFG. For the year ended 31 December 2020, other net loss amounted to RMB64.1 million, as compared to RMB64.5 million in 2019.

Employee benefit expenses

Employee benefit expenses increased by 7.6% to RMB64.9 million for the year ended 31 December 2020 from RMB60.3 million in 2019.

Finance costs, net

Finance costs represents interest on bank borrowing amounting to RMB5.6 million for the year ended 31 December 2020 as compared to RMB6.1 million in 2019.

Income tax expense

Income tax expense decreased significantly by 60.0% to RMB46.2 million for the year ended 31 December 2020 from RMB114.5 million. The significant decrease in income tax expenses is in line with the decrease in profit before income tax of the property business.

Profit for the year

As a result of the above, profit attributable to the property business segment amounted to RMB43.7 million for the year ended 31 December 2020, representing a significant decrease of 82.4% as compared to RMB248.1 million 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 year ended 31 December 2020, such costs and expenses amounted to RMB38.1 million as compared to RMB39.6 million for 2019, or a decrease of 3.8%.

IV. DIVIDEND

In view of the loss incurred for the year ended 31 December 2020, the Board does not recommend any final dividend for the year ended 31 December 2020 (2019: a final dividend of HK$0.0157 (equivalent to approximately RMB0.0143) per Share or in the total amount of HK$39.2 million (equivalent to approximately RMB35.6 million)).

Closure Of Register Of Members

The register of members of the Company will be closed from Thursday, 24 June 2021 to Monday, 28 June 2021 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the Annual General Meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, 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 Wednesday, 23 June 2021.

V. LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2020, the Group's cash and cash equivalents and restricted bank deposits amounted to RMB139.2 million, representing an increase of 60.9% 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 the PRC and Hong Kong for interest income.

Borrowings

The Group has long-term and short-term borrowings of RMB293.2 million and RMB78.8 million respectively as at 31 December 2020 (2019: Long-term and short-term borrowing of RMB242.3 million and RMB8.9 million), 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 asset of the Group as at 31 December 2020 were RMB9.8 million (31 December 2019: RMB442.6 million), representing a decrease of 97.8%. The net assets of the Group as at 31 December 2020 increased to RMB2,118.8 million (31 December 2019: RMB2,232.7 million), representing a decrease of 5.1%.

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. The Company pays dividends in Hong Kong dollars. These transactions exposed the Group to foreign exchange risks arising from the exchange rate movement of Hong Kong dollars against RMB. For the year ended 31 December 2020, the Group recorded a net foreign exchange loss of RMB4.9 million. For the year ended 31 December 2019, the Group recorded a net foreign exchange loss of RMB1.2 million. The Group has not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure.

Employees and remuneration policy

As at 31 December 2020, the total number of employees of the Group was 432. The Group's remuneration policy is determined with reference to market conditions and the performance, qualifications and experience of individual employees. The Company has also introduced the key performance indicators assessment scheme to boost performance and operational efficiency.

Contingent liabilities

Certain suppliers, vendors and employees have commenced legal proceedings in the PRC against the Group in respect of disputes over contract terms. As of 31 December 2020, the legal proceedings were ongoing. The Group has made an accumulated provision of approximately RMB6.3 million (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 acquisition and disposal of subsidiaries

There are no material acquisition and disposal of subsidiaries and associated companies during the year under review.

VI. AUDIT COMMITTEE

As of the date of this announcement, the Audit Committee 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 year ended 31 December 2020, the Audit Committee held two regular meetings with the management, external auditor and internal control consultant to discuss on the Group's auditing, internal controls and financial reporting matters, and to review on the Group's internal control, audit planning, the interim results for the six months ended 30 June 2020 and the annual results for the year ended 31 December 2019.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2020.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

VIII. CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining high standards of corporate governance. In the opinion of the Directors, throughout the year ended 31 December 2020, the Company has complied with the principles and 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 "**Stock Exchange**") (the "**Listing Rules**"). The internal audit department has reported its findings and work plan to the Audit Committee 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 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 periodically report their review and findings on the internal controls of the Group to the Audit Committee and the Board.

IX. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors' securities transactions. Having made specific enquiries of all the Directors, the Company confirmed that they have complied with the Model Code during the year ended 31 December 2020.

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

This announcement is published on the websites of the Stock Exchange and the Company. The annual report for the year ended 31 December 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.

XI. SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers ("**PwC**"), to the amounts set out 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.

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

Hong Kong, 25 March 2021

As at the date of this announcement, the Board comprised of six directors, namely Mr. YANG Ti Wei (Co-Chairman and Chief Executive Officer) and 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.