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## **Shirble Department Store Holdings (China) Limited**

**歲寶百貨控股(中國)有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 00312)**

### **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The following sets forth a summary of the unaudited condensed consolidated results of the Group for the six months ended 30 June 2022:

- Revenue was RMB90.1 million, representing a decrease of 22.3%, as compared to RMB116.0 million for the same period in 2021;
- Operating loss was RMB97.9 million, as compared to operating loss of RMB180.3 million for the same period in 2021;
- Loss attributable to owners of the Company was RMB129.4 million, as compared to loss of RMB215.7 million for the same period in 2021;
- Basic loss per share was RMB0.05, as compared to basic loss per share of RMB0.09 for the same period in 2021; and
- Net asset value per share as at 30 June 2022 was RMB0.62, as compared to RMB0.67 as at 31 December 2021.

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

The following sets forth the unaudited condensed consolidated results of Shirble Department Store Holdings (China) Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022, together with the comparative figures for the six months ended 30 June 2021.

### INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
		(unaudited)	(unaudited)
Revenue	5	90,122	115,951
Other operating revenue	6	15,749	17,402
Other gains/(losses) – net	7	3,935	(117,232)
Fair value adjustment on investment properties	13	(110,604)	(70,906)
Purchase of and changes in inventories	8	(2,991)	(6,516)
Employee benefit expenses	8	(26,165)	(47,449)
Depreciation and amortisation expenses	8	(6,971)	(12,044)
Net impairment losses on financial assets	8	(10,872)	(7,884)
Other operating expenses – net	8	(50,130)	(51,657)
<b>Operating loss</b>		<b>(97,927)</b>	<b>(180,335)</b>
Finance income	9	5,088	5,132
Finance costs	9	(44,727)	(38,480)
Finance costs – net	9	(39,639)	(33,348)
<b>Loss before income tax</b>		<b>(137,566)</b>	<b>(213,683)</b>
Income tax credit/(expense)	10	7,904	(2,056)
<b>Loss for the period</b>		<b>(129,662)</b>	<b>(215,739)</b>
<b>Loss attributable to:</b>			
Owners of the Company		(129,432)	(215,721)
Non-controlling interests		(230)	(18)
<b>Loss for the period</b>		<b>(129,662)</b>	<b>(215,739)</b>
<b>Loss per share for the loss attributable to owners of the Company during the period</b> (expressed in RMB per share)			
– Basic and diluted	11	(0.05)	(0.09)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(unaudited)
<b>Loss for the period</b>	<b><u>(129,662)</u></b>	<u>(215,739)</u>
<b>Other comprehensive (loss)/income:</b>		
<i>Item that may be reclassified to profit or loss:</i>		
Currency translation differences	<u>(2,411)</u>	<u>384</u>
<b>Other comprehensive (loss)/income for the period</b>	<u>(2,411)</u>	<u>384</u>
<b>Total comprehensive loss for the period</b>	<b><u>(132,073)</u></b>	<b><u>(215,355)</u></b>
<b>Attributable to:</b>		
Owners of the Company	<u>(131,843)</u>	<u>(215,337)</u>
Non-controlling interests	<u>(230)</u>	<u>(18)</u>
<b>Total comprehensive loss for the period</b>	<b><u>(132,073)</u></b>	<b><u>(215,355)</u></b>

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		As at <b>30 June 2022</b>	As at 31 December 2021
	<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(unaudited)</b>	(audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	<i>13</i>	<b>2,279,282</b>	2,387,778
Property, plant and equipment	<i>14</i>	<b>203,798</b>	240,602
Intangible assets		<b>2,343</b>	4,328
Deferred income tax assets		<b>21,971</b>	30,464
Trade receivables, other receivables and prepayments	<i>16</i>	<b>484,780</b>	530,266
		<b><u>2,992,174</u></b>	<u>3,193,438</u>
<b>Current assets</b>			
Inventories		<b>4,928</b>	5,528
Financial assets at fair value through profit or loss	<i>15</i>	<b>103,251</b>	101,055
Trade receivables, other receivables and prepayments	<i>16</i>	<b>191,175</b>	230,132
Properties held for sale	<i>17</i>	<b>350,000</b>	350,000
Restricted bank deposits		<b>19,948</b>	32,971
Cash and cash equivalents		<b>61,980</b>	58,164
		<b><u>731,282</u></b>	<u>777,850</u>
<b>Total assets</b>		<b><u>3,723,456</u></b>	<u>3,971,288</u>
<b>EQUITY</b>			
Share capital		<b>213,908</b>	213,908
Share premium		<b>750,992</b>	750,992
Shares held for share award scheme		–	(214)
Other reserves		<b>442,444</b>	444,855
Retained profits		<b>130,372</b>	259,805
		<b><u>1,537,716</u></b>	<u>1,669,346</u>
Equity attributable to the owners of the Company		<b><u>1,537,716</u></b>	<u>1,669,346</u>
Non-controlling interests		<b><u>8,298</u></b>	<u>8,528</u>
<b>Total equity</b>		<b><u>1,546,014</u></b>	<u>1,677,874</u>

		As at <b>30 June 2022</b> <i>RMB'000</i> <b>(unaudited)</b>	As at 31 December 2021 <i>RMB'000</i> <b>(audited)</b>
	<i>Note</i>		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>887,341</b>	930,059
Deferred income tax liabilities		<b>170,702</b>	187,099
Borrowings	20	<b>530,560</b>	540,939
		<b>1,588,603</b>	1,658,097
<b>Current liabilities</b>			
Lease liabilities		<b>78,853</b>	75,994
Trade and other payables	18	<b>198,195</b>	207,902
Contract liabilities	19	<b>29,460</b>	32,868
Borrowings	20	<b>79,690</b>	115,912
Income tax payable		<b>202,641</b>	202,641
		<b>588,839</b>	635,317
<b>Total liabilities</b>		<b>2,177,442</b>	2,293,414
<b>Total equity and liabilities</b>		<b>3,723,456</b>	3,971,288

# 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 department store operations and property development 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 2022 (“**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 2021, which have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”).

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

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2021, as described in those annual financial statements, except for the adoption of amendments to IFRSs effective for the financial year beginning on 1 January 2022.

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

		<b>Effective for annual periods beginning on or after</b>
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before intended use	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 IFRSs effective for the financial year ending 31 December 2022 do not have a material impact on the Group.

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

The following new standards and amendments to existing standards that have been issued but not effective for the financial year beginning on 1 January 2022 and have not been early adopted:

		<b>Effective for annual periods beginning on or after</b>
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
IFRS 17	Insurance contracts	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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.

**4. SEGMENT INFORMATION**

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

- Department store business – operation of department stores; and
- Others – property business and unallocated items.

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

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

The segment information is as follows:

	<b>Six months ended 30 June 2022</b>		
	<b>Department store business</b>	<b>Others</b>	<b>Group</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Revenue</b>	<b>90,122</b>	<b>–</b>	<b>90,122</b>
Revenue from contracts with customers			
At a point in time	<b>3,347</b>	<b>–</b>	<b>3,347</b>
Revenue from other sources			
Rental income	<b>86,775</b>	<b>–</b>	<b>86,775</b>
Other operating revenue	<b>15,749</b>	<b>–</b>	<b>15,749</b>
Other gains - net	<b>3,407</b>	<b>528</b>	<b>3,935</b>
Fair value adjustment on investment properties	<b>(110,604)</b>	<b>–</b>	<b>(110,604)</b>
Purchase of and changes in inventories	<b>(2,991)</b>	<b>–</b>	<b>(2,991)</b>
Employee benefit expenses	<b>(24,028)</b>	<b>(2,137)</b>	<b>(26,165)</b>
Depreciation and amortisation expenses	<b>(6,329)</b>	<b>(642)</b>	<b>(6,971)</b>
Net Impairment losses on financial assets	<b>(10,872)</b>	<b>–</b>	<b>(10,872)</b>
Other operating expenses, net	<b>(41,065)</b>	<b>(9,065)</b>	<b>(50,130)</b>
<b>Operating loss</b>	<b>(86,611)</b>	<b>(11,316)</b>	<b>(97,927)</b>
Finance income	<b>5,083</b>	<b>5</b>	<b>5,088</b>
Finance costs	<b>(35,032)</b>	<b>(9,695)</b>	<b>(44,727)</b>
Finance costs - net	<b>(29,949)</b>	<b>(9,690)</b>	<b>(39,639)</b>
<b>Loss before income tax</b>	<b>(116,560)</b>	<b>(21,006)</b>	<b>(137,566)</b>
Income tax credits	<b>7,517</b>	<b>387</b>	<b>7,904</b>
<b>Loss for the period</b>	<b>(109,043)</b>	<b>(20,619)</b>	<b>(129,662)</b>



## Six months ended 30 June 2021

	Department store business <i>RMB'000</i>	Others <i>RMB'000</i>	Group <i>RMB'000</i>
<b>Revenue</b>	115,951	–	115,951
Revenue from contracts with customer			
At a point in time	7,968	–	7,968
Revenue from other sources			
Rental income	107,983	–	107,983
Other operating revenue	17,402	–	17,402
Other gain/(losses) – net	1,523	(118,755)	(117,232)
Fair value adjustment on investment properties	(70,906)	–	(70,906)
Purchase of and changes in inventories	(6,516)	–	(6,516)
Employee benefit expenses	(32,007)	(15,442)	(47,449)
Depreciation and amortisation expenses	(7,635)	(4,409)	(12,044)
Net impairment losses on financial assets	(7,884)	–	(7,884)
Other operating expenses, net	(46,053)	(5,604)	(51,657)
<b>Operating loss</b>	(36,125)	(144,210)	(180,335)
Finance income	5,128	4	5,132
Finance costs	(35,743)	(2,737)	(38,480)
Finance costs – net	(30,615)	(2,733)	(33,348)
<b>Loss before income tax</b>	(66,740)	(146,943)	(213,683)
Income tax expenses	(2,056)	–	(2,056)
<b>Loss for the period</b>	(68,796)	(146,943)	(215,739)

## 5. REVENUE

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Rental income	86,775	107,983
Direct sales	3,347	6,913
Others	–	1,055
	<b>90,122</b>	<b>115,951</b>

## 6. OTHER OPERATING REVENUE

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Promotion, administration and management income	15,019	15,522
Credit card handling fees for concessionaire sales	668	970
Government grant	62	910
	<b>15,749</b>	<b>17,402</b>

## 7. OTHER GAINS/(LOSSES) – NET

	<i>Note</i>	Six months ended 30 June	
		2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
Gain from rent concession	<i>(a)</i>	5,478	–
Deposit forfeited for terminated of lease agreements		4,813	2,193
Fair value change on financial assets at FVPL ( <i>Note 15</i> )		2,023	(115,873)
Loss on disposal of property, plant and equipment		–	(2,715)
Accrual of legal claims		(1,386)	–
Loss from the change of sublease agreement	<i>(b)</i>	(8,459)	–
Others		1,466	(837)
		<b>3,935</b>	<b>(117,232)</b>

### Notes:

- (a) Certain lessors 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 RMB5,478,000 of such rent concession for the period ended 30 June 2022 with a corresponding reduction in the lease liabilities.
- (b) For the period ended 30 June 2022, the Group signed an overall sublease agreement of Shajing Store, and a net loss of RMB8,459,000 was recognised from the decrease in lease receivables.

## 8. EXPENSES BY NATURE

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Purchase of and changes in inventories	<b>2,991</b>	6,516
Employee benefit expenses	<b>26,165</b>	47,449
Depreciation and amortisation expenses	<b>6,971</b>	12,044
Net impairment losses on financial assets	<b>10,872</b>	7,884
Utilities	<b>26,543</b>	28,566
Advertising costs	<b>1,273</b>	2,396
Business travel expenses	<b>2,785</b>	3,874
Cleaning fee	<b>1,835</b>	1,973
Other tax expenses	<b>4,294</b>	4,509
Fee paid to auditors for other professional service	<b>600</b>	600
Net impairment loss on investment in an associate	<b>–</b>	739
Net foreign exchange loss	<b>2,893</b>	746
Other expenses	<b>9,907</b>	8,254
	<b><u>97,129</u></b>	<b><u>125,550</u></b>

## 9. FINANCE INCOME AND COSTS

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Finance income		
Interest income from finance leases	<b>4,663</b>	4,857
Interest income from bank deposits	<b>425</b>	275
	<b><u>5,088</u></b>	<b><u>5,132</u></b>
Finance costs		
Interest expenses on operating leases as the lessee	<b>(24,789)</b>	(26,826)
Interest expenses on bank loans	<b>(19,938)</b>	(11,654)
	<b><u>(44,727)</u></b>	<b><u>(38,480)</u></b>
Finance costs – net	<b><u>(39,639)</u></b>	<b><u>(33,348)</u></b>

## 10. INCOME TAX CREDIT/(EXPENSE)

	Six months ended 30 June	
	2022	2021
	<u>RMB'000</u>	<u>RMB'000</u>
Current income tax		
– PRC corporate income tax	–	–
Deferred income tax	<u>7,904</u>	<u>(2,056)</u>
	<u>7,904</u>	<u>(2,056)</u>

### Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.
- (ii) Hong Kong profits tax has not been provided as the Group did not generate any assessable profits in Hong Kong during the 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 is 25% for the Group's subsidiaries generally. Certain of the Company's PRC subsidiaries are entitled to small and micro entity tax credit, which enjoys the 20% tax rate and a 50% deduction of taxable income.

## 11. LOSS PER SHARE

	Six months ended 30 June	
	<u>2022</u>	<u>2021</u>
<b>Basic and diluted</b>		
Loss attributable to owners of the Company (in RMB thousands)	<b>(129,432)</b>	(215,721)
Weighted average number of ordinary shares in issue (thousands)	<b>2,494,742</b>	2,494,429
	<b>(0.05)</b>	(0.09)

## 12. DIVIDENDS

The Board does not recommend any final dividend and interim dividend for the year ended 31 December 2021 and for the six months ended 30 June 2022.

## 13. INVESTMENT PROPERTIES

	<b>Buildings</b> <i>RMB'000</i>	<b>Right-of-use assets</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>Six months ended 30 June 2022</b>			
<b>As at 1 January 2022</b>	<b>1,072,400</b>	<b>1,315,378</b>	<b>2,387,778</b>
Capitalised subsequent expenditure	<b>153</b>	<b>1,955</b>	<b>2,108</b>
Net losses from fair value adjustment	<b>–</b>	<b>(110,604)</b>	<b>(110,604)</b>
<b>As at 30 June 2022</b>	<b>1,072,553</b>	<b>1,206,729</b>	<b>2,279,282</b>
<b>Six months ended 30 June 2021</b>			
<b>At 1 January 2021</b>	1,135,549	1,466,012	2,601,561
Capitalised subsequent expenditure	3,441	38,794	42,235
Net losses from fair value adjustment	–	(70,906)	(70,906)
<b>As at 30 June 2021</b>	<b>1,138,990</b>	<b>1,433,900</b>	<b>2,572,890</b>

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

## 14. PROPERTY, PLANT AND EQUIPMENT

	<b>Property, plant and equipment and others</b>	<b>Right-of-use assets</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Six months ended 30 June 2022</b>			
<b>As at 1 January 2022</b>	<b>235,970</b>	<b>4,632</b>	<b>240,602</b>
Additions	119	–	119
Disposals	(29,473)	(2,464)	(31,937)
Depreciation charge ( <i>Note 8</i> )	(3,804)	(1,182)	(4,986)
	<u>202,812</u>	<u>986</u>	<u>203,798</u>
<b>Six months ended 30 June 2021</b>			
<b>As at 1 January 2021</b>	244,775	9,042	253,817
Additions	1,939	–	1,939
Disposals	(2,876)	(1,470)	(4,346)
Depreciation charge ( <i>Note 8</i> )	(4,188)	(5,869)	(10,057)
	<u>239,650</u>	<u>1,703</u>	<u>241,353</u>

**15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>Unlisted equity securities</b>	<b>Listed equity securities</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Six months ended 30 June 2022</b>			
<b>As at 1 January 2022</b>	<b>3,924</b>	<b>97,131</b>	<b>101,055</b>
Fair value change recognised in profit or loss ( <i>Note 7</i> )	–	<b>2,023</b>	<b>2,023</b>
Currency translation difference	<b>173</b>	–	<b>173</b>
<b>As at 30 June 2022</b>	<b>4,097</b>	<b>99,154</b>	<b>103,251</b>
<b>Six months ended 30 June 2021</b>			
<b>As at 1 January 2021</b>	4,020	254,265	258,285
Fair value change recognised in profit or loss ( <i>Note 7</i> )	–	(115,873)	(115,873)
Currency translation difference	(26)	–	(26)
<b>As at 30 June 2021</b>	<b>3,994</b>	<b>138,392</b>	<b>142,386</b>

## 16. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2022		
	Current	Non-current	Total
Note	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Trade receivables	(a) 5,637	–	5,637
Amounts due from related parties	119,540	227,892	347,432
Receivables from operating leases	(b) 31,414	44,704	76,118
Receivables from finance leases	22,685	127,647	150,332
Interest receivables	46	–	46
Lease deposits	126	20,639	20,765
Value-added tax recoverable	21,294	–	21,294
Other receivables	6,005	–	6,005
	<u>206,747</u>	<u>420,882</u>	<u>627,629</u>
Less: provision for impairment loss allowance	<u>(15,572)</u>	<u>–</u>	<u>(15,572)</u>
Financial assets at amortised cost	191,175	420,882	612,057
Prepayments	<u>–</u>	<u>63,898</u>	<u>63,898</u>
Total trade and other receivables	<u>191,175</u>	<u>484,780</u>	<u>675,955</u>



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

Notes:

**(a) Trade receivables**

The trade receivables are receivables of sales from corporate customers.

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

	As at	
	30 June	31 December
	2022	2021
	<u>RMB'000</u>	<u>RMB'000</u>
0 – 30 days	<u>5,637</u>	<u>2,885</u>

All trade receivables are denominated in RMB and their fair value approximate their carrying amounts as at 30 June 2022.

- (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	
	30 June 2022 <i>RMB'000</i>	31 December 2021 <i>RMB'000</i>
Current	51,507	71,059
0 – 30 days	1,921	3,004
31 – 90 days	2,309	5,010
91 – 365 days	386	18,970
More than 365 days	19,995	14,745
	<b>76,118</b>	<b>112,788</b>

#### 17. PROPERTIES HELD FOR SALE

	As at	
	30 June 2022 <i>RMB'000</i>	31 December 2021 <i>RMB'000</i>
Carrying amount of properties held for sale	384,622	384,622
Less: accumulated provision of impairment	<b>(34,622)</b>	<b>(34,622)</b>
	<b>350,000</b>	<b>350,000</b>

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

As at 30 June 2022 and 31 December 2021, the properties held for sale were pledged to secure against certain long-term bank borrowing (note 20).

## 18. TRADE AND OTHER PAYABLES

	<i>Note</i>	<b>As at</b>	
		<b>30 June 2022</b>	31 December 2021
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Lease deposits		<b>88,961</b>	94,533
Other tax payables		<b>51,804</b>	44,761
Accrued wages and salaries		<b>7,945</b>	9,614
Accrual for legal claims		<b>2,042</b>	5,440
Trade payables	<i>(a)</i>	<b>1,496</b>	656
Amount due to a related party		<b>242</b>	242
Other payables and accruals		<b>45,705</b>	52,656
		<b><u>198,195</u></b>	<b><u>207,902</u></b>

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

*Note:*

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

	<b>As at</b>	
	<b>30 June 2022</b>	31 December 2021
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
0 – 30 days	<b><u>1,496</u></b>	<b><u>5,440</u></b>

## 19. CONTRACT LIABILITIES

	<i>Note</i>	<b>As at</b>	
		<b>30 June 2022</b>	31 December 2021
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Advances received from customers	<i>(a)</i>	<b>28,351</b>	32,109
Deferred income	<i>(b)</i>	<b>1,109</b>	759
		<b><u>29,460</u></b>	<b><u>32,868</u></b>

*Notes:*

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

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

## 20. BORROWINGS

	Note	As at	
		30 June 2022 RMB'000	31 December 2021 RMB'000
<b>Non-current</b>			
Secured long-term bank borrowings	(a)(b)	<u>530,560</u>	<u>540,939</u>
<b>Current</b>			
Current portion of secured long-term bank borrowings	(a)	<u>20,598</u>	20,518
Secured short-term borrowing	(c)	<u>59,092</u>	<u>95,394</u>
		<u>79,690</u>	<u>115,912</u>
		<u>610,250</u>	<u>656,851</u>

Notes:

- (a) The Group's long-term bank borrowings were denominated in RMB and secured by certain investment properties. During the six months ended 30 June 2022, the weighted average effective interest rate was 6.46% (2021: 6.47%) per annum.
- (b) The Group has existing secured long-term bank loan amounting to RMB254,020,000, and secured by property held for sale (Note 17). During the six months ended 30 June 2022, the weighted average effective interest rate was 5.61% (2021: 5.72%) per annum.
- (c) As at 30 June 2022, the secured short-term borrowing was denominated in RMB, secured by certain investment properties and was repayable within one year. During the six months ended 30 June 2022, the weighted average effective interest rate was 6.58% (2021: 6.55%) per annum.

## 21. CAPITAL COMMITMENTS

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

	As at	
	30 June 2022 RMB'000	31 December 2021 RMB'000
Purchases of property, plant and equipment	<u>7,395</u>	6,836
Acquisition of land	<u>189,650</u>	<u>189,650</u>
	<u>197,045</u>	<u>196,486</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

During the six months ended 30 June 2022, the global economy as well as the economy in the PRC have been adversely affected by the COVID-19 pandemic. The pandemic and the relevant prevention and control and lockdown measures had a significant impact on the economic development in the second quarter of 2022. At the same time, there were many global uncertainties including geopolitical conflicts leading to uncertainties and volatility in the international supply chain which has resulted in growing inflationary pressure and contractionary monetary policies. Thus, the PRC economy will face significant downward pressure in the near future.

According to the National Bureau of Statistics of China (“NBS”), the GDP of China in the first half of 2022 amounted to RMB56,264.2 trillion, representing an insignificant year-on-year increase of 2.5% and the growth rate slowed down sharply from 12.7% for the same period in 2021. The national consumer price index (“CPI”) in June 2022 was only 1.1% higher year-on-year, and CPI for first half of 2022 was up 1.7% year-on-year. The total retail sales of consumer goods in the first half of 2022 in the PRC decreased by 0.7% year-on-year, compared to an increase of 23.0% for the same period in 2021.

The level of consumption in the PRC is still significantly affected by the COVID-19 pandemic. The prevention and control measures have been tightened due to the repeated domestic pandemic and thus, the consumption is under pressure again. Also, the willingness of residents to consume still needs to be recovered. According to the PBOC’s first-quarter survey of urban saving population 23.7% of residents intended to “consume more”, but it was still lower than the pre-pandemic level. Residents who prefer to “save more” accounted for a record high of 54.7%. It shows that the residents are still cautious about consumption. It is expected that the consumption will still face significant pressure until the pandemic is further effectively controlled.

## **BUSINESS REVIEW**

For the six months ended 30 June 2022, the Group recorded revenue of RMB90.1 million (2021: RMB116.0 million). Loss attributable to the owners of the Company amounted to RMB129.4 million (2021: loss of RMB215.7 million).

The Group has upgraded its department store premises into “Shirble Plaza”, a one-stop shopping mall concept, to meet the demand of the middle-class population in the PRC for high-quality food, merchandise and services. Furthermore, given the growing popularity of online sales and marketing with further drive by the pandemic, the Group enforced the usage of different online platforms including official WeChat accounts for promoting and stimulating consumers’ enthusiasm. These moves are expected to attract more customers to visit the Group’s stores, increase the customer patronage and enhance the shopping experience to attract and retain new customers.

As at 30 June 2022, the Group owned and/or operated 15 department stores with a total gross floor area of 278,447 sq.m.

With the economic downside risk relating to the pandemic and the highly leveraged real estate sector, the Group has reduced the property investments and swiftly implemented proactive measures to mitigate the negative impact and to strengthen business resilience and enhance customer engagement on our retail business.

## **BUSINESS OUTLOOK**

The remaining of 2022 will continue to be challenging for the China's economy. From the domestic environment, it is expected that the economic growth would be affected by the downturn in the real estate industry and the slow recovery of consumption. Also, the global economy has become increasingly uncertain, with economic growth continuing to slow. The Group will continue to catch up the market opportunities in the markets.

Looking ahead, the Group will consolidate its resources, strengthen the management and adopt prudent business strategies to mitigate the pressure from the economic slowdown.

## **FINANCIAL REVIEW**

The operating results of the Group for the six months ended 30 June 2022 are presented in two reportable operating segments, namely (a) department store business; and (b) others including property business and unallocated items. The following discussions and analyses are based on the Group as a whole and the operating results of each business segment.

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

Revenue of the Group were all contributed from the department store business for the six months ended 30 June 2022 and the same period in 2021. Revenue of the Group amounted to RMB90.1 million for the six months ended 30 June 2022, representing a decrease of 22.3% as compared to RMB116.0 million for the same period in 2021.

Loss attributable to owners of the Company amounted to RMB129.4 million for the six months ended 30 June 2022, as compared to loss of RMB215.7 million for the same period in 2021.

**(b) Department store business segment**

Set out below is the segmental information of the Group's department store business for the six months ended 30 June 2022, together with the comparative figures for 2021:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Revenue</b>	<b>90,122</b>	115,951
Other operating revenue	<b>15,749</b>	17,402
Other gains – net	<b>3,407</b>	1,523
Fair value adjustment on investment properties	<b>(110,604)</b>	(70,906)
Purchase of and changes in inventories	<b>(2,991)</b>	(6,516)
Employee benefit expenses	<b>(24,028)</b>	(32,007)
Depreciation and amortisation expenses	<b>(6,329)</b>	(7,635)
Net impairment losses on financial assets	<b>(10,872)</b>	(7,884)
Other operating expenses – net	<b>(41,065)</b>	(46,053)
<b>Operating loss</b>	<b>(86,611)</b>	(36,125)
Finance income	<b>5,083</b>	5,128
Finance costs	<b>(35,032)</b>	(35,743)
Finance costs – net	<b>(29,949)</b>	(30,615)
<b>Loss before income tax</b>	<b>(116,560)</b>	(66,740)
Income tax credit/(expense)	<b>7,517</b>	(2,056)
<b>Loss for the period</b>	<b>(109,043)</b>	(68,796)



## **Revenue**

Revenue breakdown of the Group's department store business for the six months ended 30 June 2022 and 2021 was as follows:

	Six months ended		Percentage of department	
	30 June		stores' revenue of	
	2022	2021	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	%	%
Rental income	<b>86,775</b>	107,983	<b>96.3</b>	93.1
Direct sales	<b>3,347</b>	6,913	<b>3.7</b>	5.9
Others	<b>–</b>	1,055	<b>0</b>	1.0
<b>Total</b>	<b>90,122</b>	115,951	<b>100.0</b>	100.0

Rental income decreased by 19.6% to RMB86.8 million for the six months ended 30 June 2022 from RMB108.0 million for the same period in 2021; and direct sales decreased by 52.2% to RMB3.3 million for the six months ended 30 June 2022 from RMB6.9 million for the same period in 2021.

The decrease in rental income was mainly attributable to the rent concession offered to certain severely affected tenants and an increase in the vacancy rate of department stores as a result of the tightening of prevention and control measures due to the repeated COVID-19 pandemic in China.

### ***Other operating revenue***

Other operating revenue decreased by 9.8% to RMB15.7 million for the six months ended 30 June 2022 from RMB17.4 million for the same period in 2021.

### ***Other gains – net***

Other net gains amounted to RMB3.4 million for the six months ended 30 June 2022, as compared to other net gains of RMB1.5 million for the same period in 2021, primarily due to gain from rent concession and termination of lease in the first half of 2022.

### ***Fair value adjustment on investment properties***

Fair value losses on investment properties were RMB110.6 million for the six months ended 30 June 2022, as compared to RMB70.9 million for the same period in 2021. The increase in fair value loss was mainly due to that the Group signed an overall sublease agreement of Shajing store.

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

Purchase of and changes in inventories amounted to RMB3.0 million for the six months ended 30 June 2022, representing a decrease of 53.9% as compared with RMB6.5 million for the same period in 2021, which was in line with the decrease in direct sales.

### ***Employee benefit expenses***

Employee benefit expenses decreased by 25.0% to RMB24.0 million for the six months ended 30 June 2022 from RMB32.0 million for the same period of 2021, primarily due to the streamline of labour force.

### ***Depreciation and amortisation expenses***

Depreciation and amortisation expenses decreased by 17.1% to RMB6.3 million for the six months ended 30 June 2022 from RMB7.6 million for the same period in 2021.

### ***Other operating expenses – net***

Other operating expenses decreased by 10.9% to RMB41.1 million for the six months ended 30 June 2022 from RMB46.1 million for the same period in 2021, primarily due to cost saving from operations.

### ***Operating loss***

As a result of the reasons mentioned above, the department store business segment's operating loss amounted to RMB86.6 million for the six months ended 30 June 2022, as compared to operating loss of RMB36.1 million in the corresponding period of 2021.

### ***Finance income***

Finance income amounted to RMB5.1 million for the six months ended 30 June 2022 and 2021.

### ***Finance costs***

Finance costs of RMB35.0 million was incurred for the six months ended 30 June 2022 as compared to RMB35.7 million for the same period in 2021.

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

Income tax credit of RMB7.5 million for the six months ended 30 June 2022, as compared to income tax expense of RMB2.1 million for the six months ended 30 June 2021.

### ***Loss for the period***

As a result of the aforementioned, loss attributable to the department store business segment amounted to RMB109.0 million for the six months ended 30 June 2022, as compared to loss of RMB68.8 million for the same period in 2021.

## **(c) Others segment**

Others represents mainly property business and unallocated items including directors emoluments, staff costs and operating expenses incurred for headquarter or administrative purposes which were not directly attributable to department store business segment. Such losses amounted to RMB20.6 million and RMB146.9 million for the six months ended 30 June 2022 and 2021, respectively.

### ***Other gains/(losses) – net***

Other net gains amounted to RMB0.5 million for the six months ended 30 June 2022 as compared to other net losses of RMB118.8 million for the same period in 2021, mainly due to the fair value changes on listed equity securities at fair value through profit or loss in relation to 1,320,000,000 ordinary shares of TFG International Group Limited (stock code: 00542) held by the Company.

## **INTERIM DIVIDEND**

The Board of Directors of the Company does not recommend any interim dividend for the six months ended 30 June 2022.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2022, the Group's cash and cash equivalents and bank deposits amounted to RMB81.9 million, representing a decrease of 10.1% from RMB91.1 million as at 31 December 2021. 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 RMB551.2 million and RMB59.1 million, respectively as at 30 June 2022 (31 December 2021: long-term borrowing of RMB561.5 million and short-term borrowing of RMB95.4 million), mainly representing the secured bank borrowing denominated in RMB secured by the charge of properties in the PRC. The gearing ratio, which is calculated by the Group's total borrowings divided by its shareholders equity was 39.5% as at 30 June 2022 (31 December 2021: 39.1%).

## **NET CURRENT ASSETS AND NET ASSETS**

The net current assets of the Group as at 30 June 2022 were RMB142.4 million (31 December 2021: RMB142.5 million). The net assets of the Group as at 30 June 2022 was RMB1,546.0 million (31 December 2021: RMB1,677.9 million), representing a decrease of 7.9%.

## **FOREIGN EXCHANGE EXPOSURE**

The business operations of the Group are 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 expose 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 2022, the Group recorded a net foreign exchange loss of RMB2.9 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 2022, the total number of employees of the Group was 285. 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 have commenced legal proceedings in the PRC against the Group in respect of disputes over contract terms and trademark infringement claim. As at 30 June 2022, these legal proceedings were ongoing. The Group has made an accumulated provision of RMB2.0 million (31 December 2021: RMB0.7 million), which the Directors believe that it is adequate to cover the amounts, if any, payable in respect of these claims.

## **MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES**

There are no material acquisition and disposal of subsidiaries and associated companies during the six months ended 30 June 2022.

## **CORPORATE GOVERNANCE**

During the six months ended 30 June 2022, the Company has complied with the principles and the applicable code provisions as contained in the Corporate Governance Code set forth in Part 2 of Appendix 14 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") as set forth in Appendix 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 six months ended 30 June 2022.

## **DIRECTORS' RESPONSIBILITY IN RESPECT OF FINANCIAL INFORMATION**

The Directors acknowledge their responsibility for preparing the interim financial information of the Company. The Directors confirm that in preparing the unaudited interim condensed consolidated financial information, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed. The Directors are not aware of any material or significant exposures exist, other than as reflected in this report. The Directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

## **AUDIT COMMITTEE**

In accordance with Rule 3.21 of the Listing Rules, the Company has set up an Audit Committee comprising of three independent non-executive Directors, namely, Mr. TSANG Wah Kwong (Chairman), Mr. CHEN Fengliang and Mr. JIANG Hongkai.

### **Roles and duties**

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.

### **Summary of work done**

During the six months ended 30 June 2022, the Audit Committee held one meeting with management, external auditor and internal control consultant to review the auditing, internal controls and financial reporting matters of the Group and reviewed the Group's consolidated financial statements of the Group for the year ended 31 December 2021 and the related annual results announcement, with a recommendation to the Board for approval.

### **Review of the Interim Results**

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited interim condensed consolidated financial information for the six months ended 30 June 2022. The Group's unaudited interim condensed consolidated results' for the six months ended 30 June 2022 have not been audited by the external auditor.

## **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 2022.

## **PUBLICATION OF THE INTERIM REPORT**

This announcement is published on the websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Company. The interim report for the six months ended 30 June 2022 containing all the information required by Appendix 16 to the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board

**Shirble Department Store Holdings (China) Limited**

**YANG Ti Wei**

*Deputy Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 23 August 2022

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