IMPORTANT

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, accountant or other professional adviser.

If you have sold or transferred all your shares in **Shirble Department Store Holdings (China) Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

SHIRBLE DEPARTMENT STORE
歲寶百貨

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)

CONNECTED TRANSACTION
CONSULTANCY FEES PAYMENT EXTENSION AGREEMENT
AND
NOTICE OF 2026 EGM

Capitalised terms used on this cover page shall have the same meaning as defined in the section headed "Definitions" in this circular, unless the context requires otherwise.

A letter from the Board is set forth on pages 6 to 19 of this circular. A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders is set forth on pages 20 to 21 of this circular and a letter from Innovax Capital Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set forth on pages 22 to 39 of this circular.

A notice convening the 2026 EGM to be held at Suite 2602-03, 26/F, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong on Thursday, 19 March 2026 at 11:00 am is set forth on pages 45 to 46 of this circular. Shareholders are advised to read the Notice of 2026 EGM and if you are not able to attend the 2026 EGM or its adjournment (as the case may be) in person but wish to exercise your right as a Shareholder, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's branch share registrar in Hong Kong, Union Registrars Limited, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for holding the 2026 EGM (i.e. not later than Tuesday, 17 March 2026 at 11:00 am (Hong Kong time)) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the 2026 EGM or any adjournment thereof should you so wish.

Hong Kong, 26 February 2026

CONTENTS

Page

DEFINITIONS 1

LETTER FROM THE BOARD 6

LETTER FROM THE INDEPENDENT BOARD COMMITTEE 20

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER 22

APPENDIX I – GENERAL INFORMATION 40

NOTICE OF 2026 EGM 45

ACCOMPANYING DOCUMENT: FORM OF PROXY

Unless the context requires otherwise, the capitalised terms in this circular shall have the following meanings:

"2019 EGM"	the extraordinary general meeting of the Company held on 14 June 2019 at which, amongst others, the IEC Project Consulting Service Agreement and the connected transactions constituted thereunder were approved by the Independent Shareholders;
"2023 EGM"	the extraordinary general meeting of the Company held on 29 March 2023 at which, amongst others, the IEC Supplemental Termination Agreement and the connected transactions constituted thereunder were approved by the Independent Shareholders;
"2026 EGM"	the extraordinary general meeting of the Company proposed to be convened and held at Suite 2602-03, 26/F, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong on Thursday, 19 March 2026 at 11:00 am or any adjournment thereof for the purpose of seeking the approval from the Independent Shareholders on the Consultancy Fees Payment Extension Agreement;
"associate(s)"	has the same meaning ascribed to it under the Listing Rules;
"Board"	the board of Directors;
"CCB 3Y RMB Benchmark Rate"	three-year RMB fixed deposit published by the China Construction Bank in PRC from time to time;
"CCB 5Y RMB Benchmark Rate"	five-year RMB fixed deposit published by the China Construction Bank in PRC from time to time;
"chief executive"	has the same meaning ascribed to it under the Listing Rules;
"Company"	Shirble Department Store Holdings (China) Limited (歲寶百貨控股(中國)有限公司), a company incorporated in the Cayman Islands with limited liability with all its shares listed on the Stock Exchange (stock code: 00312);
"connected person(s)"	has the same meaning ascribed to it under the Listing Rules;

"Consultancy Fees Payment Extension Agreement"	the supplemental agreement entered into between Huai'an Runleju and SRF on 30 December 2025 for the purpose of further extension of the settlement of the Overdue Consultancy Fees;
"Director(s)"	the director(s) of the Company;
"First Announcement"	the announcement issued by the Company on 8 April 2019 on, inter alia, the IEC Project Consulting Service Agreement;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	The Hong Kong Special Administrative Region of the People's Republic of China;
"Huai'an Runleju"	Huai'an Runleju Engineering Construction Co., Ltd. (淮安市潤樂居工程建設有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company (formerly known as Shenzhen Runju Engineering Construction Co., Ltd. (深圳市潤居工程建設有限公司) before May 2023 and Shenzhen Shirble Enterprise Management Co., Ltd. (深圳市歲寶企業管理有限公司) ("**Shirble Management Consultant**") before January 2023);
"IEC Project"	the International Exhibition Center Project, being phase one of the property development project situated at the intersection between Shangbu Road and Nigang Road, the Futian District, Shenzhen, the PRC and is beneficially owned by SRF;
"IEC Project Consulting Service Agreement"	the integrated consulting service agreement entered into between Shirble Management Consultant and SRF on 8 April 2019, in relation to the provision of certain consulting services by Shirble Management Consultant to SRF in respect of the IEC Project;
"IEC Supplemental Termination Agreement"	the supplemental agreement entered into between Shirble Management Consultant and SRF on 30 December 2022 for the purpose of amending the terms of the IEC Termination Agreement;

"IEC Termination Agreement"	the termination agreement entered into between Shirble Management Consultant and SRF on 30 December 2020 for the purpose of terminating the IEC Project Consulting Service Agreement;
"Independent Board Committee"	the independent board committee of the Company comprising all independent non-executive Directors, namely Mr. Chen Fengliang, Mr. Jiang Hongkai and Mr. TSANG Wah Kwong, established to make recommendations to the Independent Shareholders on their voting on the resolutions to be proposed at the 2026 EGM on the approval of the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder;
"Independent Financial Adviser"	Innovax Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder;
"Independent Shareholders"	the Shareholders who were not required to abstain from voting at 2019 EGM and 2023 EGM and will not be required to abstain from voting under the Listing Rules on the resolutions approving the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder to be tabled at the 2026 EGM;
"Latest Practicable Date"	16 February 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Mr. Yang"	Mr. YANG Ti Wei (楊題維), an executive Director, Deputy Chairman and Chief Executive Officer of the Company;

"Mr. Yang's Controlled Companies"	Shenzhen Meilianchuang Investment Development Co., Ltd.* (深圳市美聯創投資發展有限公司), Shenzhen Shunxiangyuan Investment Co., Ltd.* (深圳市順祥源投資有限公司), Shenzhen Anjuyuan Investment Co., Ltd.* (深圳市安居源投資有限公司) and Shenzhen Heruikang Investment Development Co., Ltd.* (深圳市合瑞康投資發展有限公司), Shenzhen Jinshunmao Investment Co., Ltd. * (深圳市金順茂投資有限公司), Shenzhen Dingguanghao Investment Development Co., Ltd.* (深圳市鼎廣浩投資發展有限公司), which were established in Shenzhen, the PRC, and equity interests of these companies are beneficially owned by Mr. Yang;
"Overdue Consultancy Fees"	the outstanding service fees and related interest expenses payable by SRF to the Group pursuant to the Consultancy Fees Payment Extension Agreement;
"Notice of 2026 EGM"	the notice convening the 2026 EGM as set forth on pages 45 to 46 of this circular;
"PRC"	The People's Republic of China which for the purpose of this circular and geographical and jurisdictional references only, excludes Hong Kong, The Macau Special Administration Region of the PRC and Taiwan;
"RMB"	Renminbi yuan, the lawful currency of the PRC;
"Second Announcement"	the announcement issued by the Company on 30 December 2022 on, inter alia, the IEC Supplemental Termination Agreement;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Share(s)"	the ordinary share(s) of HK$0.10 each in the share capital of the Company;
"Shareholders"	holders of the shares of the Company from time to time;
"Shirble BVI"	Shirble Department Store Limited, a company incorporated in the British Virgin Islands and beneficially owned by Ms. HUANG Xue Rong;

"SRF"	Shenzhen Shengrunfeng Investment & Development Co., Ltd.* (深圳市晟潤豐投資發展有限公司), a limited liability company established in the PRC and a connected person of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Third Announcement "	the announcement issued by the Company on 30 December 2025 on, inter alia, the Consultancy Fees Payment Extension Agreement; and
"%"	per cent.

* *For identification purpose only*

For the purpose of this circular, the exchange rate of RMB1.0 = HK$1.1056 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts have been, could have been or may be exchanged, at this or any other rates.

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)

Executive Directors:
Ms. HUANG Xue Rong *(Chairlady)*
Mr. YANG Ti Wei *(Deputy Chairman and Chief Executive Officer)*

Independent non-executive Directors:
Mr. CHEN Fengliang
Mr. JIANG Hongkai
Mr. TSANG Wah Kwong

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in the PRC:
33rd Floor, Building 1
Shenzhen Development Center
Renmin South Road
Luohu District
Shenzhen PRC

Principal place of business in Hong Kong:
Unit C2, 30th Floor, T G Place
10 Shing Yip Street
Kwun Tong Kowloon
Hong Kong

26 February 2026

To the Shareholders,

Dear Sir or Madam,

CONNECTED TRANSACTION
CONSULTANCY FEES PAYMENT EXTENSION AGREEMENT

INTRODUCTION

The Board refers to the First Announcement, the Second Announcement, the Third Announcement, the ordinary resolution passed at the 2019 EGM and the 2023 EGM, the latter of which has approved the IEC Supplemental Termination Agreement.

As disclosed in the Second Announcement, the parties to the IEC Supplemental Termination Agreement agreed that the Overdue Consultancy Fees were scheduled to be settled by SRF in three tranches of RMB119.5 million, RMB180.0 million and RMB47.9 million on or before 31 December 2025, 2026 and 2027, respectively. Interest continued to be accrued on the outstanding consultancy fees from 1 January 2023 and was to be paid to the Group on the above respective dates at such rates as determined with reference to the prevailing benchmark rates. As set forth in the Third Announcement, on 28 November 2025, SRF sent a letter to Huai'an Runleju that, due to the reasons set forth below the headline "SRF's request for further extension for the settlement of the Overdue Consultancy Fees", it would not be able to settle the Overdue Consultancy Fees in time as scheduled.

The purpose of this circular is to provide you with (a) further information on the Consultancy Fees Payment Extension Agreement; (b) the recommendation from the Independent Board Committee to the Independent Shareholders; (c) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Consultancy Fees Payment Extension Agreement; and (d) the Notice of 2026 EGM.

SRF's request for further extension for the settlement of the Overdue Consultancy Fees

Since the beginning of 2025, the Company has had various discussions and negotiations with SRF regarding the settlement of the Overdue Consultancy Fees. On 5 November 2025, Huai'an Runleju also issued a preliminary demand letter to SRF to request for immediate payment of the Overdue Consultancy Fees.

SRF mentioned that the real property market in the PRC, which has yet to be recovered, is in a critical stage of fundamental adjustment and structural transformation. These factors continue to have a negative impact on the cash position of the developers as well as their debt position and the repayment ability.

On 28 November 2025, SRF sent a letter to Huai'an Runleju to request a further extension of the settlement of the Overdue Consultancy Fees because of the reasons given below.

Continuous downturns in the real estate sector in the PRC and market conditions in Shenzhen

From the peak performance of the PRC real estate market in 2020, the real estate development investment has declined sharply and the number of newly completed units has contracted substantially. SRF highlighted that the market confidence remained weak, and the sales were depressed. According to the information in public domain, as suggested by SRF, many well-known and established real estate developers listed in Hong Kong have been severely affected by the prolonged downturn in the real estate market. This has led to continuous declines in their share prices, as well as severe debt repayment difficulties, prompting the need to undertake debt restructuring measures such as debenture haircuts and/or debt extensions. Under this macroeconomic environment, almost all real estate developers are in a difficult situation of "ensuring survival and guaranteed household delivery," and SRF is no exception. The IEC Project, since obtaining its pre-sale license in September 2020, has sold less than 60% of its units, with a large number of units unsold and low levels of sales proceeds. Meanwhile, the IEC Project still requires continuous investment in construction funds to complete the delivery of subsequent housing units, and there is a significant funding gap as mentioned by SRF. The Directors are given to understand that as of 31 December 2025, the amount of sales proceeds generated from the IEC Project was RMB6.5 billion, of which RMB6.32 billion has been used for the settlement of the construction costs and taxes, labour costs and employee salaries, bank loan and interests and other operating costs as well as part of the Overdue Consultancy Fees of RMB250.8 million paid to the Group. The Directors are informed that the remaining balance of RMB180 million would be used by SRF for the settlement of the construction and operating costs for the two years ending 31 December 2027. This financial information was provided by SRF to the Directors.

Inclusion in the "Guaranteed Household Delivery" governmental policy framework under a strict control on the use of fundings generated from sales

SRF further highlighted that it has been required to enter into a "Funds Supervision Agreement" in November 2022 with a leading commercial bank in the PRC pursuant to which SRF has limited control on the use of funds generated from the sales of its property development. SRF confirmed to the Directors that according to the "Funds Supervision Agreement", all project sales proceeds must be deposited into a government-supervised account and that all expenses paid out of the supervised account must be approved by the bank and the relevant regulators and bureaus. The use of fundings is strictly limited to the repayment of construction progress payments, purchase of raw materials and equipment, payment of wages and salaries and related supporting service fees and other expenditures necessary to ensure smooth project handover. The "Funds Supervision Agreement" also has a strict interpretation of "related supporting services fees" and "other expenditures necessary to ensure smooth project handover" and the Overdue Consultancy Fees do not form part of these definitions. Hence, SRF has confirmed to the Board that the Overdue Consultancy Fees cannot be paid unless there is surplus cash following the settlement of the required costs and expenses.

No priority of the payment of the Overdue Consultancy Fees over the repayment of the outstanding bank loans

According to SRF's letter, in December 2022, its lending bank required that the repayment of the principal and interests under the development loan must be in priority over any payment of other fees and expenses. Hence, SRF is of the view that any payment of consultancy fees prior to the discharge of the bank loans would constitute a material breach under the "Funds Supervision Agreement" and would result in default remedies including termination of credit facilities, cessation of disbursements or acceleration of the repayment schedule of the loan and other bank borrowings. SRF has confirmed to the Board that SRF would not have any additional financial resources for the settlement of the Overdue Consultancy Fees according to the repayment schedule set forth in the IEC Supplemental Termination Agreement.

Since 31 December 2022 and up to the Latest Practicable Date, the Directors are given to understand that SRF has not made any repayment of the outstanding bank loans. As of the Latest Practicable Date, based on the information provided by SRF, the total outstanding amount of bank loans due from SRF amounted to RMB8.0 billion. The Directors were also notified by SRF that its plan is to settle not less than 4%, 6%, 32% and 58% of the outstanding bank loans during each of the four years ending 31 December 2030, respectively. Given that the Overdue Consultancy Fees are not secured by any assets provided by SRF, nor is it one of the permitted payments under the "Funds Supervision Agreement", such amount ranks pari passu amongst all other unsecured creditors of SRF, SRF intends to repay the Overdue Consultancy Fees right after the full repayment of the outstanding bank loans. Apart from the bank loans and the Overdue Consultancy Fees, as informed by SRF, SRF had an outstanding amount of RMB266 million due to other creditors as of the Latest Practicable Date, which are mainly construction costs. Also, SRF expected to further incur operating expenses amounting to approximately RMB278.4 million during the extension period during 2026 to 2030.

Long project cycle, combined with multiple adverse factors, having caused multiple adverse impacts

According to SRF's letter, the IEC Project was launched in 2015 and completed its construction filing by the end of February 2025. Since then, it incurred substantial amounts of construction costs during the initial periods of demolition and construction. Simultaneously the adverse effect of the COVID-19 pandemic materially impacted sales. In addition, SRF mentioned that the IEC Project is a comprehensive-use project consisting of apartments, offices, and commercial spaces, and its designs scope usage might not be appealing to the prospective buyers in Shenzhen. Although Shenzhen has cancelled the purchase restrictions on housing since 6 September, 2025, this policy primarily benefits the residential property sector. Hence, the policy relaxation would not help promoting the sales of the IEC Project.

Payment of 42% of the total amount of the consultancy fees to Huai'an Runleju

Notwithstanding the above, as of 31 December 2022, SRF has settled 42% of the total amount of the consultancy fees. SRF has confirmed that it has no intention of delaying the agreed settlement of the IEC Supplemental Termination Agreement in absence of the changes in the circumstances outside its control. SRF has not made any further settlement of the Overdue Consultancy Fees after 31 December 2022 .

Concluding remarks

According to SRF's letter, the residential property sector in China has yet to be recovered for five consecutive years since 2020. As of the Latest Practicable Date, SRF has advised the Directors that there are still no indications that the residential property market in the PRC would begin to recover shortly with a strong domestic demand. SRF is of the prudent view that another four to five years would be required to see a bottom-up in the residential property market in the PRC. Given that SRF must repay the outstanding bank loans and other costs first before the settlement of the Overdue Consultancy Fees, SRF is of the view that a full settlement of the Overdue Consultancy Fees by end of 2028 is not feasible. Therefore, SRF has requested the deadline for the settlement of the Overdue Consultancy Fees be extended to 31 December 2030.

After due and careful consideration of the explanations and the facts described in the SRF's letter and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Board's observations are as follows:

1. The residential property sector in the China may require another four to five years to recover from its currently sluggish condition. On this basis, the Directors accept that SRF would not have sufficient financial resources for the settlement of the Overdue Consultancy Fees. This is particularly the case that all such payments can only be made by SRF after the full repayment of the outstanding bank loans under the "Fund Supervision Agreement". All of these are not favourable to any persistent request by the Group for the settlement of all or any part of the Overdue Consultancy Fees within a short period of time.

2. From a policy support perspective, the PRC government currently focuses on stabilising the PRC property market. The PRC government has launched the China's 15th Five-Year Plan in the beginning of 2026. Against the backdrop of the policy to halt the property market' s further decline and foster a recovery, the demand is expected to be restored gradually with the supply starting to stabilise. Further, the PRC government has implemented a series of incentive measures, including maintaining low interest rates, relaxing lending requirements and Shenzhen government has eased the purchase limit of commodity housing in certain districts and optimised the credit assessment for mortgages. In light of such policy support, the Directors expect that it would be unlikely to have any further significant downturn in the PRC residential property market from 2026 towards the coming few years.

3. With the increase in the population in urban area in the PRC and the stabilising economic condition in the forthcoming years, it is expected that the demand for the residential properties would gradually increase in the medium term as more people would be inclined to moving into cities and needing housing and thus such trend would support local housing demand. The Directors are of the view that such ongoing urbanisation is favourable to the PRC property market in top or second-tier cities.

REASONS FOR AND BENEFITS OF FURTHER EXTENSION OF THE SETTLEMENT OF THE OVERDUE CONSULTANCY FEES

Principal terms and conditions of the Consultancy Fees Payment Extension Agreement

The total amount of the Overdue Consultancy Fees and the accrued interests up to the Latest Practicable Date was RMB363.7 million, of which RMB347.4 million was the principal amount and RMB16.3 million was the interests accrued up to the Latest Practicable Date.

Subject to full compliance with the applicable laws and regulations which include, but without limitation to the Listing Rules, the Consultancy Fees Payment Extension Agreement has been entered into with the following principal terms and conditions:

Date:	30 December 2025
Parties:	Huai' an Runleju and SRF
Overdue Consultancy Fees:	RMB347.4 million (equivalent to HK$384.1 million)
Settlement period:	SRF shall settle the aggregate of RMB347.4 million (equivalent to HK$384.1 million) and all interests accrued thereunder (which expectedly would be approximately RMB37.5 million by 31 December 2030) to Huai'an Runleju on or before 31 December 2030.
Interest payment:	The interest on the outstanding amount will be accrued from 1 January 2023, and will be payable on 31 December 2030 at the CCB 3Y RMB Benchmark Rate.

Other terms and conditions:	The performance of the Consultancy Fees Payment Extension Agreement is conditional upon the approval by the Independent Shareholders at the 2026 EGM. Save as modified by the Consultancy Fees Payment Extension Agreement, all other terms and conditions of the IEC Termination Agreement and IEC Supplemental Termination Agreement shall remain unchanged and continue in full force and effect.
Governing law:	The laws of the PRC.

The CCB 3Y RMB Benchmark Rate was in the range between 1.25% and 2.60% per annum during the period from 1 January 2023 to 31 December 2025 and was 1.25% as of the Latest Practicable Date. The Board is of the view that the use of the CCB 3Y RMB Benchmark Rate is acceptable because of the following reasons:

(i) the Overdue Consultancy Fees were denominated in RMB;

(ii) the China Construction Bank in the PRC is one of the four major commercial banks in China and the interest rates for RMB fixed deposits have been substantially the same amongst these banks;

(iii) the CCB 3Y RMB Benchmark Rate reflects the three-year period regarding the further extension of the settlement period from the three years ending 31 December 2027 to the year ending 31 December 2030; and

(iv) despite that the original settlement dates for the Overdue Consultancy Fees would be extended by three to five years, there is no material difference between the adoption of the CCB 3Y RMB Benchmark Rate and the CCB 5Y RMB Benchmark Rate due to the reasons below:

    (a) the prevailing CCB 5Y RMB Benchmark Rate is 1.30%, which represents a difference of less than 4% when compared with the prevailing CCB 3Y RMB Benchmark Rate of 1.25%;

    (b) the Board notes that there is no four-year RMB fixed deposit published by the China Construction Bank in the PRC, and accordingly, the Board has to consider between either adopting the CCB 3Y RMB Benchmark Rate or the CCB 5Y RMB Benchmark Rate during the negotiation process with SRF;

(c) taking into account the principal amount of the Overdue Consultancy Fees plus the interest accrued thereunder, on the assumption that SRF would make full repayment of the entire outstanding amount by the end of 2030, the entire repayment amount would be (i) RMB384.9 million (if using the CCB 3Y RMB Benchmark Rate) or (ii) RMB385.7 million (if using the CCB 5Y RMB Benchmark Rate), which represents a difference of approximately RMB0.8 million (translated into an approximate 0.23% difference only), where the Board considers that such difference is relatively very minimal; and

(d) during the negotiation process with SRF, notwithstanding that SRF's current plan is to make full repayment of the bank loans by 2030 and that SRF could not make any settlement of the Overdue Consultancy Fees prior to full repayment of the bank loans (details of which are set forth in the paragraph headed "No priority of the payment of the Overdue Consultancy Fees over the repayment of the outstanding bank loans" above), there is still a possibility that SRF could fully repay the bank loans in 2029 (or earlier) and hence could make settlement of the Overdue Consultancy Fees (in full or in part) in 2029 (or earlier). Since there is no 4-year rate available as aforesaid, the adoption of the CCB 5Y RMB Benchmark Rate is equally not appropriate in such circumstance.

On the foregoing bases, the Board is of the view that the adoption of the CCB 3Y RMB Benchmark Rate is commercially most appropriate under the current circumstance following negotiations with SRF, and that it will not impair nor jeopardise the interests of the Company in any material extent in this transaction.

The Group has not obtained any pledge, collateral or personal guarantee from SRF or any of its beneficial owners to secure the settlement of the Overdue Consultancy Fees because of the reasons listed below:

1. SRF has no other assets of significant value which are free from any third-parties' interest or encumbrance, and the funds received by SRF have been subject to the surveillance under the "Funds Supervision Agreement".

2. Any personal guarantee from the ultimate beneficial owner of SRF, i.e. Mr. Yang, would not provide any meaningful or sufficient security in lieu of nor significantly enhances the recovery of the Overdue Consultancy Fees from SRF as such amount, together with all amount due from SRF, would be significant as compared with the readily available financial resources of Mr. Yang. Also, the Overdue Consultancy Fees were originated from the consultancy services provided by the Group to SRF rather than coming from a financial arrangement and hence, the Board is of the view that it is not appropriate nor reasonable to request personal guarantees or collateral from the ultimate beneficial owner of SRF under such circumstances.

3. The Board has assessed the financial position of SRF, and reviewed the latest development and sale plans of the IEC Project provided by SRF. Based on the sale plans and the latest estimation provided by SRF, the unsold units of the IEC Project consist of residential units, office units and commercial units with saleable area of approximately 55,321 square meters, 28,580 square meters and 28,651 square meters, respectively. The amount of the gross proceeds from the disposal of the unsold property units of the IEC Project is expected to be RMB8.93 billion on the basis that the unsold property units of the IEC Project could be sold at the target selling prices (being ranging from RMB25,000 per square meter to RMB95,000 per square meter throughout 2026 to 2030). The target selling prices for the residential and office units were determined based on the historical selling price per square meter with an insignificant upward adjustment of 5%. The target selling prices for the commercial units were based on prevailing market price per square meter for the commercial units. The Board considers that such plans are not overly optimistic taking into consideration the current economic landscape in the PRC. In addition, based on the estimation of the sales set out in this plan, the Board is of the view that the amount of the gross proceeds to be generated from the IEC Project is sufficient for SRF to make full repayment of the bank loans and settlement of all outstanding amount owing to other creditors (details of which are set forth in the paragraph headed "No priority of the payment of the Overdue Consultancy Fees over the repayment of the outstanding bank loans" above) as well as the Overdue Consultancy Fees owing to the Group.

4. The Consultancy Fees Payment Extension Agreement will not require the Group to contribute any additional financial resources to SRF. Nor does the Group require any additional provision for the impairment of the delayed settlement of the Overdue Consultancy Fees as such amount has been written down in full by the Group.

For the purpose of monitoring the financial condition of SRF, the Group has communicated with SRF and both agreed on the following ongoing measures during the term of the Consultancy Fees Payment Extension Agreement:

1. The Group will hold half-yearly meetings with the management of SRF at which the management of SRF will be required to provide updated information (including any key financial data) to the Group on the latest performance and will feedback the meeting results to the Board for review;

2. SRF shall provide its complete sets of financial statements on an annual basis; and

3. SRF would be required to notify the Group if any of its creditors declares an event of default on the financial covenants made by SRF.

Directors' views on the Consultancy Fees Payment Extension Agreement

The Directors understand that completion and sales of the IEC Project continue to be affected by the unfavourable residential property market in the PRC. This development, coupled with the existing adverse developments of certain mega PRC property developers and the low level of domestic demand, has affected the sales and the selling prices of the IEC Project. All of these were not expected at the time when the settlement of the Overdue Consultancy Fees was first extended to 31 December 2025, 2026 and 2027.

The Directors have evaluated the pros and cons of various options available to the Group. The Group may initiate legal proceedings against SRF or the Group may choose to discuss with SRF on any other alternative. The decision of the Group has been endorsed by the independent non-executive Directors. The Directors do not consider that legal proceedings would be helpful in assisting the Group in the recovery of all or any part of the Overdue Consultancy Fees because (a) SRF's funding is under the control of the "Funds Supervision Agreement"; (b) the demand for the IEC Project has been significantly affected by the prevailing economic landscape in the PRC and various policy constraints; (c) SRF has no other assets of significant value that can be used for settlement or as security for its future settlement of the Overdue Consultancy Fees; and (d) the Group is an unsecured creditor of SRF. Any court proceedings would not only adversely affect the business of SRF, but also the construction progress and the future sales of IEC Project or any other alternative that would be available to SRF to realise its investments. The Group has also discussed with its PRC legal advisers and the conclusion is that it would be costly to initiate legal proceedings and the process could take a prolonged period of time as the Group would encounter competing claims from the other creditors of SRF. Legal proceedings are therefore not a viable option for the Group for the recovery of the Overdue Consultancy Fees.

Given that the legal proceedings would not provide a practical solution for the Group, the Directors (including all independent non-executive Directors) are of the view that a further extension would be the only viable option for the Group in relation to the settlement of the Overdue Consultancy Fees. Apart from the fact that SRF was unable to pay the Overdue Consultancy Fees on time based on the IEC Termination Supplemental Agreement, any attempt by the Group to recover the Overdue Consultancy Fees would be unlikely to produce fruitful results. It is worthwhile to note that the Group does not require any additional provision for the impairment of the Overdue Consultancy Fees as such amount has been written down in full by the Group.

In the event that the Independent Shareholders do not approve the Consultancy Fees Payment Extension Agreement at the 2026 EGM, such agreement will not become effective. Accordingly, the Overdue Consultancy Fees will become due and immediately repayable by SRF because of the previous breach and the anticipated breach of the IEC Supplemental Termination Agreement. The Company would protect its legal rights by issuing demand letters to SRF for the settlement of the Overdue Consultancy Fees and may initiate legal proceedings against SRF after taking into consideration the cost and benefit associated with it.

The Board has noted that a provision for impairment has been made on the full amount of the Overdue Consultancy Fees during the two years ended 31 December 2023. The Board remains hopeful that SRF would be able to settle all or any part of the Overdue Consultancy Fees due to the following reasons:

1. The current financial difficulties faced by SRF were mainly due to the persistent sluggish PRC residential property market. If the IEC Project can be disposed of in whole or in part, even at such prices which are less than the originally expected level, this would give additional resources to SRF and would provide room for SRF to re-negotiate with the bank creditor on the allocation of the available financial resources for the repayment of outstanding bank loans, accrued construction fees and expenses and the settlement in whole or in part of the Overdue Consultancy Fees.

2. The Board has assessed the financial position of SRF, and reviewed the latest development and sale plans of the IEC Project provided by SRF and consider that SRF may achieve positive cash flows generated from its operations in the event that the IEC Project can be disposed of at such level or prices which are not unrealistically higher than the prevailing market prices of comparable property projects.

The Board (including all the independent non-executive Directors) has reviewed the principal terms and conditions of the Consultancy Fees Payment Extension Agreement and considers that the terms are on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole. However, given its nature, the entering into of the Consultancy Fees Payment Extension Agreement is not in the ordinary and usual course of business of the Company.

INFORMATION ON THE PARTIES TO THE CONSULTANCY FEES PAYMENT EXTENSION AGREEMENT

The Group is principally engaged in the operation of department stores in the PRC. Huai'an Runleju is a wholly-owned subsidiary of the Company. Huai'an Runleju was engaged in the provision of integrated consulting services.

SRF is a limited liability company established in the PRC. It's principally engaged in the real estate development business. As of the Latest Practicable Date, Mr. Yang and Mr. Yang's Controlled Companies held the entire equity interest in SRF. SRF is therefore a connected person (as defined under the Listing Rules) of the Company.

IMPLICATIONS UNDER THE LISTING RULES

SRF is a connected person of the Company. The Consultancy Fees Payment Extension Agreement constitutes a material variation to the terms of the IEC Termination Agreement and the IEC Supplemental Termination Agreement and therefore a connected transaction for the Company under Chapter 14A of The Listing Rules. Based on the applicable percentage ratios in respect of the Consultancy Fees Payment Extension Agreement, the transaction is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Consultancy Fees Payment Extension Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and how to vote at the 2026 EGM. The Company has appointed Innovax Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

THE 2026 EGM

The 2026 EGM will be convened and at it an ordinary resolution will be proposed to consider, and if thought fit, approve the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder by the Independent Shareholders. The Notice of 2026 EGM is set forth on pages 45 to 46 of this circular. The 2026 EGM will be held at Suite 2602-03, 26/F, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong on Thursday, 19 March 2026 at 11:00 am for the purpose of seeking the approval from the Independent Shareholders on the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder. Shareholders are advised to read the Notice of 2026 EGM and if you are not able to attend the 2026 EGM or its adjournment (as the case may be) in person but wish to exercise your right as a Shareholder, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's branch share registrar in Hong Kong, Union Registrars Limited, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong but in any event not less than 48 hours before the time appointed for holding the 2026 EGM (i.e. not later than Tuesday, 17 March 2026 at 11:00 a.m. (Hong Kong time)) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the 2026 EGM or any adjournment thereof should you so wish.

Any connected person of the Company with a material interest in the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder, and any Shareholder with a material interest in such transactions and its associates, shall not vote on the resolution in relation thereto. As of the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (a) Shirble BVI; (b) Xiang Rong Investment Limited; (c) Ms. HUANG Xue Rong; and (d) Mr. Yang are required to abstain from voting on the relevant resolutions at the 2026 EGM.

As of the Latest Practicable Date, (i) Mr. Yang was directly holding 2,490,000 Shares; (ii) Shirble BVI was directly holding 1,374,167,500 Shares; and (iii) Ms. HUANG Xue Rong was directly holding 8,324,000 Shares, and none of Xiang Rong Investment Limited had any direct Shareholding, but it was deemed to be interested in the Shares held by Shirble BVI. Further information on the Shareholding structure is set forth in the paragraphs under "2. Disclosure of interests" in Appendix I to this circular.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the meeting will therefore demand a poll for the ordinary resolution(s) put to the vote at the 2026 EGM pursuant to Article 66 of the memorandum and articles of association of the Company and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION OF THE BOARD

Ms. HUANG Xue Rong and Mr. Yang have abstained from voting on the resolution in relation to the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder proposed to the Board to avoid any conflict of interests. Save as disclosed above, none of the Directors has a material interest in the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder. Having taken into account the factors as disclosed in the paragraphs under "Reasons for and benefits of further extension of the settlement of the Overdue Consultancy Fees" above, the Directors (including all the independent non-executive Directors) consider that the terms of the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Group and the Shareholders as a whole. Accordingly, the Board (including all the independent non-executive Directors) recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the 2026 EGM to approve the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole and to make recommendation to the Independent Shareholders on how to vote at the 2026 EGM, taking into account the advice of the Independent Financial Adviser. Innovax Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in these regards.

Your attention is drawn to the letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders set forth on pages 20 to 21 of this circular and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which is set forth on pages 22 to 39 of this circular containing their advice and recommendation to the Independent Board Committee and the Independent Shareholders regarding the terms of the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder as well as the principal factors and reasons taken into consideration in arriving at their advice.

ADDITIONAL INFORMATION

Your attention is drawn to the general information as set forth in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board
Shirble Department Store Holdings (China) Limited
YANG Ti Wei
Deputy Chairman, Chief Executive Officer and Executive Director

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)

26 February 2026

To the Independent Shareholders,

Dear Sir or Madam,

CONNECTED TRANSACTION
CONSULTANCY FEES PAYMENT EXTENSION AGREEMENT

We refer to the circular of the Company dated 26 February 2026 (the "**Circular**") despatched to the Shareholders of which this letter forms part. Unless the context requires otherwise, the capitalised terms used herein shall have the same meanings as used in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder are entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, and whether their terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Independent Board Committee has appointed Innovax Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder.

We wish to draw your attention to the "Letter from the Board" as set forth on pages 6 to 19 of the Circular and the "Letter from the Independent Financial Adviser" as set forth on pages 22 to 39 of the Circular.

Having taken into account the principal factors and reasons considered by the Independent Financial Adviser, its conclusion and advice, we concur with the opinion of the Independent Financial Adviser that the terms of the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder are on normal commercial terms or better and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. However, given its nature, the entering into of the Consultancy Fees Payment Extension Agreement is not in the ordinary and usual course of business of the Company. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the 2026 EGM to approve the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee
Shirble Department Store Holdings (China) Limited

CHEN Fengliang **JIANG Hongkai** **TSANG Wah Kwong**
Independent Non-executive Directors

The following in the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.

Innovax Capital

26 February 2026

To the Independent Board Committee and the Independent Shareholders

Dear Sirs or Madams,

CONNECTED TRANSACTION
CONSULTANCY FEES PAYMENT EXTENSION AGREEMENT

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Consultancy Fees Payment Extension Agreement, details of which are set out in the "Letter from the Board" (the "**Letter from the Board**") contained in the circular (the "**Circular**") issued by the Company to the Shareholders dated 26 February 2026, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Reference is made to the announcement (the "**Announcement**") of the Company dated 30 December 2025. On 28 November 2025, SRF sent a letter to Huai'an Runleju that, due to the reasons including continuous downturns in the real estate sector in the PRC, strict control on use of funds pursuant to governmental policy framework and required priority for the repayment of outstanding bank loans, among others, it would not be able to settle the Overdue Consultancy Fees according to the IEC Termination Agreement and the IEC Supplemental Termination Agreement. After careful consideration, on 30 December 2025, the Group entered into the Consultancy Fees Payment Extension Agreement to, among others, extend the settlement period of the Overdue Consultancy Fees.

Mr. Yang and Mr. Yang's Controlled Companies held the entire equity interest in SRF. SRF is therefore a connected person of the Company. The Consultancy Fees Payment Extension Agreement constitutes a material variation of the terms of the IEC Termination Agreement and the IEC Supplemental Termination Agreement and therefore a connected transaction for the Company under Chapter 14A of the Listing Rules. Based on the applicable percentage ratio in respect of the Consultancy Fees Payment Extension Agreement, the transaction is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Ms. Huang Xue Rong and Mr. Yang have abstained from voting on the Board resolutions considering the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder. Save as stated above, none of the other Directors have a material interest in the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder, nor are they required to abstain from voting on such Board resolution.

The Company will convene the EGM to consider and, if thought fit, pass the resolution to approve, amongst others, the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder. All Shareholders who have a material interest in the Consultancy Fees Payment Extension Agreement will be required to abstained from voting on the resolution at the EGM. As of the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) Shirble BVI; (ii) Xiang Rong Investment Limited; (iii) Ms. HUANG Xue Rong; and (iv) Mr. Yang Ti Wei and their respective associates are required to abstain from voting on the relevant resolutions at the EGM.

The Independent Board Committee comprising all three independent non-executive Directors, namely Nr. Chen Fengliang, Mr. Jiang Hongkai and Mr. Tsang Wah Kwong, has been established to provide advice to the Independent Shareholders in respect of the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder.

We, Innovax Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, we did not have any relationships with or interests in the Company or any of their respective ultimate beneficial owners which could reasonable be regarded as relevant to our independence. We have not previously acted as the financial adviser or independent financial adviser to the Company. Apart from the normal advisory fee paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the aforesaid companies. As at the Latest Practicable Date, we were not connected with the Directors, chief executive and substantial Shareholders of the Company or any of their respective subsidiaries or associates. Therefore, we consider ourselves suitable to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on, among other things, (i) the information and facts contained or referred to in the Circular; (ii) the information provided by the Company; (iii) the opinions expressed by and the representations of the Directors and the management of the Group (the "**Management**"); and (iv) our review of relevant public information.

We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Management. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading. We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position, financial forecast or future prospects of the Group.

We consider that we have reviewed sufficient information currently available to reach an informed view, to justify our reliance on the accuracy of the information contained in this Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in this Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Management and its representatives.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have considered the following principal factors and reasons:

1. Information of the Group

Business of the Group

The Group is principally engaged in the operation of department stores in the PRC. Huai'an Runleju is a wholly-owned subsidiary of the Company. Huai'an Runleju was engaged in the provision of integrated consulting services.

Financial information of the Group

The table below summarises financial information of the Group for the six months ended 30 June 2024 ("**6M2024**") and 2025 ("**6M2025**") and for the years ended 31 December 2022 ("**FY2022**"), 2023 ("**FY2023**") and 2024 ("**FY2024**") as extracted from the interim reports for six months ended 30 June 2024 (the "**2024 Interim Report**") and 30 June 2025 (the "**2025 Interim Report**") and the annual reports for the years ended 31 December 2023 (the "**2023 Annual Report**") and 2024 (the "**2024 Annual Report**") of the Company.

	For the year ended/ as at 31 December			For the six months ended/ as at 30 June	
	2024	**2023**	**2022**	**2025**	**2024**
	RMB'000 (audited)	*RMB'000* (audited)	*RMB'000* (audited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)
Revenue	200,295	190,666	191,576	93,021	97,903
Operating (loss)/profit	(32,143)	(356,338)	(595,402)	29,816	31,242
Loss attributable to owners of the Company	(33,764)	(340,982)	(556,117)	(3,011)	(18,478)
Total assets	2,169,516	2,342,421	2,899,686	1,826,955	2,277,639
Total liabilities	1,418,755	1,556,574	1,783,175	1,078,124	1,510,751
Net assets	750,761	785,847	1,116,511	748,831	766,888

According to the 2025 Interim Report, the Group's revenue for 6M2025 decreased by approximately 5.0% as compared to that for 6M2024. Such decrease in revenue was mainly due to the decrease in rental income. The decrease in operating profit in 6M2025 was mainly attributable to the decrease in revenue. There was a gain from the disposal of a subsidiary of RMB34.9 million recognised in 6M2025 while gains from the change of lease agreement of RMB35 million were recognised in 6M2024. However, the gain in 6M2025 was partly offset by certain loss and provision for expected expenses. The decrease in loss attributable to owners of the Company in 6M2025 was mainly attributable to a lower income tax expenses.

According to the 2024 Annual Report, the Group's revenue for FY2024 remained relatively stable as compared to that for FY2023. The significant decrease in operating loss and loss attributable to owners of the Company for FY2024 as compared to that for FY2023 was mainly due to impairment loss of RMB201.2 million for the amount due from SRF and the impairment loss of RMB96 million for property held for sale which were recognised for FY2023 while no such provisions were required for FY2024.

According to the 2023 Annual Report, the Group's revenue for FY2023 remained relatively stable as compared to that for FY2022. The decrease in operating loss and loss attributable to owners of the Company for FY2023 as compared to that for FY2022 was mainly due to the decrease in other losses – net from RMB284.3 million for FY2022 to RMB27.2 million for FY2023. Such decrease was mainly attributable to the decrease in losses from early termination and modification of leases, disposal of financial assets at FVPL and the change of sublease agreement.

The Group's total assets decreased from RMB2,899.7 million as at 31 December 2022 to RMB2,342.4 million as at 31 December 2023 and to RMB2,169.5 million as at 31 December 2024. The decreases were mainly attributable to various impairment losses and/or fair value adjustments recognised during respective years. The Group's total assets further decreased to RMB1,827.0 million as at 30 June 2025, mainly attributable to the disposal of a subsidiary during 6M2025. As a result of the significant impairment losses and losses from fair value adjustment recognised during FY2023, the Group net assets decreased significant from RMB1,116.5 million as at 31 December 2022 to RMB785.8 million as at 31 December 2023.

The Group's total liabilities decreased from RMB1,783.2 million as at 31 December 2022 to RMB1,556.6 million as at 31 December 2023 and to RMB1,418.8 million as at 31 December 2024. The decreases were mainly attributable to decreases in leases liabilities and income tax payable during respective years. The Group's total liabilities further decreased to RMB1,078.1 million as at 30 June 2025, mainly attributable to the disposal of a subsidiary during 6M2025.

2. Information of SRF

SRF is a limited liability company established in the PRC. It is principally engaged in the real estate development business. As of the Latest Practicable Date, Mr. Yang and Mr. Yang's Controlled Companies held the entire equity interest in SRF. SRF is therefore a connected person (as defined under the Listing Rules) of the Company.

3. The Consultancy Fees Payment Extension Agreement

(i) The reasons for and benefits of entering into the Consultancy Fees Payment Agreement

As mentioned in the circular of the Company dated 21 May 2019, on 8 April 2019, the Group entered into a project consulting service agreement with SRF to provide certain consulting services to SRF for a term commencing from 8 April 2019 and ending on 30 December 2022 in respect of a property development project owned by SRF situated in Shenzhen. During the period from 8 April 2019 to 30 December 2020, the Group recognised revenue of approximately RMB620.6 million from the provision of such property development consulting services.

In 2020, the property market in the PRC was adversely affected by the outbreak of the COVID-19 pandemic. Considering the market condition and after negotiations with SRF, the Group entered into a termination agreement with SRF for the purpose of terminating the aforementioned consulting service agreements effective from 30 December 2020. Pursuant to such termination agreement, the relevant outstanding service fees and related expenses payable to the Group amounted to approximately RMB422.1 million as at 30 December 2020 which would continue to be payable by SRF during the three years ended 31 December 2024.

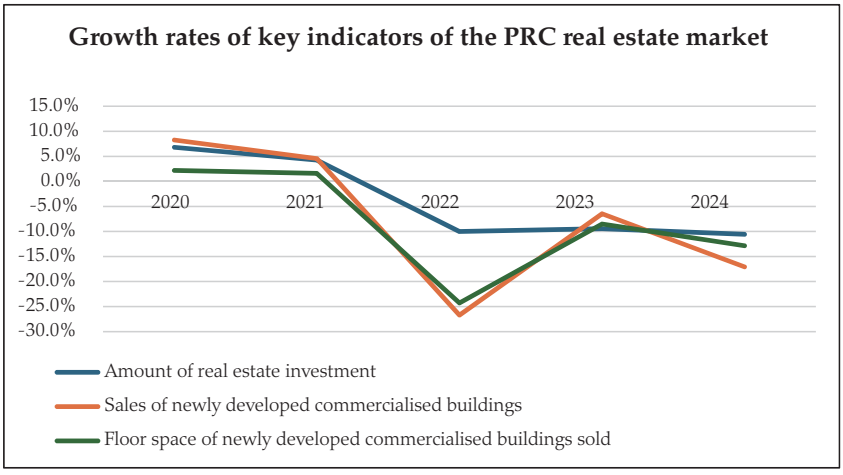
As mentioned in the circular of the Company dated 13 March 2023, in light of the rapid deterioration of the property market in 2021 and 2022, SRF did not have sufficient fund to fully settle the above outstanding fees in 2022. On 30 December 2022, the Group and SRF entered into a supplemental termination agreement to extend the settlement period to the three years ending 31 December 2027. The outstanding fees as at the date of the supplemental termination agreement was approximately RMB347.4 million and the outstanding accrued interest as at the Latest Practicable Date was approximately RMB16.3 million.

On 28 November 2025, the Group received a letter from SRF to request for a further extension (the "**Further Extension**") of the settlement period from the three years ending 31 December 2027 to the year ending 31 December 2030. In the letter, SRF primarily mentioned that they were unable to timely settle the outstanding fees of approximately RMB347.4 million due to the continuous downturns in the real estate market in the PRC which affected the development and sale of the IEC project and the fact that the use of funds is restricted by governmental policy and banks.

As set out in the Letter from the Board, the Directors have considered (1) the completion and sales of the IEC Project as affected by the persistent sluggish PRC real estate market; (2) the uncertainties of initiating legal proceedings against SRF, and in particular, the fact that the Group is an unsecured creditor and all equity interests of SRF are pledged to a financial institution; and (3) the fact that a provision for impairment has been made on the full amount of the Overdue Consultancy Fees during the two years ended 31 December 2023, the Board is of the view that a further extension of the settlement period of the Overdue Consultancy Fees is, on balance, the most commercially viable option to maximise the prospect of recovery while avoiding actions that could adversely affect the construction progress of the IEC Project and SRF's settlement ability.

The real estate market in the PRC

We have conducted research on real estate market in the PRC as shown in the chart below.



Source: *the National Bureau of Statistics of China*
Note: *Commercialised buildings comprise residential buildings, office buildings and others*

As shown in the chart above and demonstrated by the growth rates of certain key indicators of the PRC market, including the amount of real estate investment, sales of newly developed commercialised buildings and floor space of newly-developed commercialised buildings sold (the "**Relevant Indicators**"), the PRC real estate market remained resilient in 2020 and 2021, with the growth rate of Relevant Indication being positive. In 2021 and 2022, the PRC real estate market deteriorated significantly. The growth rates of all the Relevant Indicators turned into negative in 2022 and fell to bottom at -10.0%, -26.7% and -24.3%, respectively. The deterioration appeared to slow down slightly in 2023 as the growth rates for sales of newly developed commercialised buildings and floor space of newly developed commercialised buildings sold improved to -6.5% and -8.5%, respectively. However, the recovery of the PRC real estate market did not continue in 2024, and the growth rates of Relevant Indicators dropped to -10.6%, -17.1% and -12.9%, respectively.

As understood by the Directors from SRF and as supported by the statistics above, the demand for real properties in the PRC has been sluggish for many years. The IEC Project was not an exception under such macro-economic environment. In particular, the sales of the property comprising the IEC Project are significantly less than the original estimates because of the sluggish market conditions and generate insufficient funds to complete its construction on schedule. Since obtaining the pre-sale license in September 2020 and up to the Latest Practicable Date, the IEC project has sold less than 60% of its units. The construction progress of the IEC Project was then slackened. The financial institution will periodically assess the associated risks for the loan extension. The lack of financing support may further hamper the construction progress and perpetuate the funding shortfall. Therefore, under such market condition, it is not unreasonable for SRF to have insufficient cash flows for the settlement of the Overdue Consultancy Fees.

Based on sales plan and the latest estimation by SRF, the unsold units of the IEC Project consist of residential units, office units and commercial units with saleable area of approximately 55,321 square meters, 28,580 square meters and 28,651 square meters, respectively. The amount of the gross proceeds from the disposal of the unsold property units of the IEC Project is expected to be approximately RMB8.93 billion on the basis that the unsold property units of the IEC Project could be sold at the target selling prices (being ranging from RMB25,000 per square meter to RMB95,000 per square meter throughout 2026 to 2030). The target selling prices for the residential and office units were determined based on the historical selling price per square meter with upward adjustments of approximately 5%. The target selling prices for the commercial units were based on prevailing market price per square meter. The Directors believe that the real estate market would be recovered to a favourable condition to facilitate the successful sales of the IEC Project at the target selling prices by 2029 and 2030 after considering the followings: (i) economic growth: pursuant to the National Bureau of Statistics, the PRC's economy has been growing moderately at a growth rate of around 4.0% in 2025 in terms of GDP, which expects to support the increases in the demand for real property and the property prices; (ii) government policies: the PRC Government has implemented a series of incentive schemes aimed at boosting the property market and encouraging investment in real estate, including maintaining low interest rates and relaxing lending requirements, Shenzhen government has eased the purchase limit of commodity housing in certain districts and optimised the credit assessment for mortgages; and (iii) location: the IEC Project is located at the intersection between Shangbu Road and Nigang Road, the Futian District, Shenzhen, where the Directors believe that it is one of the prime locations in Shenzhen. The Directors expect that SRF would be able to settle the Overdue Consultancy Fees in full and in accordance with the terms of the Consultancy Fees Payment Extension Agreement after the disposal of the IEC Project.

In addition, based on the estimation of the sales set out in the sales plan, the Board is of the view that the amount of the gross proceeds to be generated from the IEC Project is sufficient for SRF to make full repayment of the bank loans and settlement of all outstanding amount owing to other creditors as well as the Overdue Consultancy Fees owing to the Group.

Other alternatives, including the initiation of legal proceeds, considered by the Directors

We have enquired with the Directors whether they have considered other alternatives regarding the collection of the Overdue Consultancy Fees other than entering into the Consultancy Fees Payment Extension Agreement. As advised by the Directors, based on the recent market condition of the PRC real estate market as discussed above, it is believed that SRF would not be able to generate sufficient cash flows for the immediate settlement of the Overdue Consultancy Fees through either the sale of unsold units of the IEC Project or the disposal of uncompleted IEC Project at the target selling prices within a short period of time. Furthermore, as set out in the Letter from the Board, the Group is only an unsecured creditor of SRF and all the equity interests of SRF have been pledged to a financial institution as the collateral for its bank financing. As advised by the Management, based on the preliminary discussions with PRC lawyers, the Company understood that (1) the relevant lawyer fees, arbitration fees and litigation fees ranged from RMB7 million to RMB20 million; and (2) taking into account the fact that (i) SRF was not expected to have sufficient funds to settle the Overdue Consultancy Fees before selling the unsold units of the IEC Project; and (ii) the Group was only an unsecured creditor of SRF, the recoverable amount after initiating the lawsuits against SRF is highly likely to be less than the relevant lawyer fees, arbitration fees and litigation fees. Hence, the Directors do not consider that any court proceedings initiated against SRF would be helpful for the Group to recover the Overdue Consultancy Fees and the amount to be recovered, if any, is highly uncertain. Based on the aforesaid, the Directors are of the view, and we concur that, the initiation of legal proceedings against SRF would require a long period of time and considerable amounts of resources for a result with high degree of uncertainty, which would not be in the best interest of the Company.

Restrictions of funds generated from the IEC Project

As advised by the Directors, in November 2022, SRF signed a fund monitoring agreement (the "**Fund Monitoring Agreement**") with 廣東省深圳市福田公證處 (Guangdong Province Shenzhen Futian Notary Office*), 深圳市福田區住房和建設局 (Shenzhen Futian District Housing and Construction Bureau*) and a financial institution (the "**Financial Institution**") which held the pledged shares of SRF, pursuant to which a separate bank account has been opened by SRF for the sole purpose of monitoring the settlement of funding relating to the IEC Project. Under the Fund Monitoring Agreement, priority of payment is given to construction workers' wages, settlement of construction costs, government taxes and essential operating expenses to secure the completion of the IEC Project, before the settlement of SRF's other liabilities. Further, as understood by the Directors from SRF, the principal banks of SRF which are also the most major creditors of SRF had requested SRF to fully repay the bank loans before the settlement of its other liabilities.

In view of the above, we concur with the Directors' view that the Further Extension of three to five years is a reasonable duration to allow SRF to have sufficient time to complete the development of the IEC Project and generate sufficient cash from the sales of the IEC Project for the settlement of the Overdue Consultancy Fees.

Actions taken by the Company to procure the settlement of the outstanding consultancy fees

As advised by the Management, the Company has maintained close communications with SRF regarding the matters relating to settlement of the Overdue Consultancy Fees, including the regular review of SRF's financial conditions, the arrangements between SRF and relevant government authorities and creditors and the sales status of the IEC Project, among others. In particular, the Company has requested and reviewed half-yearly updates of key operating data of SRF which included the key financial data and the development and sales status of the IEC Project.

Further, for the purpose of monitoring the financial condition of SRF, the Group has communicated with SRF and both agreed on the following ongoing measures during the term of the Consultancy Fees Payment Extension Agreement:

1. The Group will hold half-yearly meetings with the management of SRF at which the management of SRF will be required to provide updated information (including any key financial data) to the Group on the latest performance and will feedback the meeting results to the Board for review;

2. SRF shall provide its complete sets of financial statements on an annual basis; and

3. SRF would be required to notify the Group if any of its creditors declares an event of default on the financial covenants made by SRF.

Comparable transaction analysis

We have conducted research on the website of the Stock Exchange for comparable transactions regarding repeated extensions of loan repayment date for loans granted to a borrower that was primarily engaged in a business that was related to the PRC real estate market. The selection criteria for identifying comparable transactions included (1) the transaction date was within two years from the date of Consultancy Fees Payment Extension Agreement; (2) the transaction involved an outstanding receivable with settlement date extended for more than one time; and (3) the reason for extension was relevant to the borrower's operation or activity related to the real estate industry in the PRC. Based on our research, we note that it is not

uncommon for listed companies in Hong Kong to repeatedly extend the repayment date of loans granted. For example, pursuant to the joint announcement of Regal Hotels International Holdings Limited and Cosmopolitan International Holdings Limited dated 3 September 2024, the relevant loan facilities were provided to connected person and extended for the third time, primarily due to the fact that the real estate market in Mainland China remained sluggish at the material time and the sales progress of relevant property projects was slower than expected and hence, insufficient sales proceeds were generated to timely repay the relevant loan facilities. Another example can be referred to the announcement of Carrianna Group Holdings Company Limited dated 29 February 2024, pursuant to which the relevant loans were provided to independent third parties and extended for the second time. The loans were to fund the borrower to acquire a shopping mall in Shenzhen but more time was required to fully repay the relevant loans. Based on the aforementioned cases, we are of the view that it is not uncommon for lenders to repeatedly extend the repayment date of loans granted, in particular when the borrower is engaged in a business that is relevant to the PRC real estate market.

The above comparable transactions might not be exhaustive as it was not intended as a quantitative analysis but rather a qualitative review to identify precedents. While our research did not purport to be exhaustive, the selected examples were indicative and sufficient to support our view that repeated extensions of loan settlement dates were not uncommon, particularly in the context of PRC real estate-related challenges.

Conclusion regarding reasons and benefits of entering into the Consultancy Fees Payment Agreement

Having taken into account the facts that (i) under the prevailing adverse market conditions regarding the PRC real estate market, it is not realistic for SRF to generate sufficient proceeds through either accelerated sales of remaining units or disposal of the uncompleted IEC Project at target selling prices in the short term; (ii) the Group is an unsecured creditor of SRF while all equity interests in SRF have been pledged to a financial institution, and therefore any legal proceedings initiated against SRF would be subject to significant uncertainty, prolonged timeline and substantial costs, with a high risk of minimal or zero recovery; (iii) funds generated from the IEC Project are subject to strict supervision under the Fund Monitoring Agreement entered into in November 2022, pursuant to which priority must be given to construction workers' wages, construction costs, government taxes and project completion expenses before any repayment to unsecured creditors such as the Group; and (iv) the proposed Further Extension of three to five years (to 31 December 2030) is a reasonable and pragmatic duration that will allow SRF sufficient time to complete construction, improve sales momentum and generate cash flows from the IEC Project for settlement of the Overdue Consultancy Fees, we concur with the Directors' view that the entering into of the Consultancy Fees Payment Extension Agreement is in the interests of the Company and the Shareholders as a whole.

(ii) Principal terms of the Consultancy Fees Payment Extension Agreement

Set out below are the principal terms of the Consultancy Fees Payment Extension Agreement.

Date:	30 December 2025
Parties:	Huai'an Runleji and SRF
Overdue Consultancy Fees:	RMB347.4 million
Settlement method:	SRF shall settle the aggregate of RMB347.4 million (equivalent to HK$384.1 million) to Huai'an Runleju on or before 31 December 2030.
Interest payment:	The interest on the outstanding amount will be accrued from 1 January 2023, and will be payable on or before 31 December 2030, at the prevailing benchmark rate for three-year RMB fixed deposit published by the China Construction Bank in PRC from time to time.
Other terms and conditions:	The performance of the Consultancy Fees Payment Extension Agreement is conditional upon the approval by the Independent Shareholders at the EGM. Save as modified by the Consultancy Fees Payment Extension Agreement, all other terms and conditions of the IEC Termination Agreement and IEC Supplemental Termination Agreement shall remain unchanged and continue in full force and effect.
Governing law:	The laws of the PRC

In assessing the fairness and reasonableness of the terms of the Consultancy Fees Payment Extension Agreement, we have discussed with the Management regarding the terms of the extension contemplated thereunder.

The settlement term

Pursuant to the Consultancy Fees Payment Extension Agreement, the settlement period of the Overdue Consultancy Fees will be further extended by three to five years, from on or before 31 December 2025, 2026 and 2027, to on or before 31 December 2030. We have enquired with the Management about the determination basis of the extension period (i.e. three to five years). As advised by the Management, in determining the extension period, they have taken into account the latest development and sales plan of the IEC Project as provided by SRF. We have obtained from the Management the latest development and sales plan of the IEC Project provided by SRF and noted therefrom that the IEC Project consists of four blocks of building, with a total saleable area of 236,793 square meters. The construction work of the four blocks of buildings was substantially completed, and in particular, the completion acceptances of Block A and B of the IEC Project were in December 2023 and those of Block C and D were in December 2024. While further costs are expected to be incurred for the internal decoration and finishing, all units are currently ready for sale or pre-sale based on the permits or licences obtained for the IEC Project. The unsold units of the IEC Project consist of residential units, office units and commercial units with saleable area of approximately 55,321 square meters, 28,580 square meters and 28,651 square meters, respectively. Sale of units of the IEC Project are expected throughout 2026 to 2030 but most of the sales are expected to occur in 2029 and 2030, considering that the recovery of the PRC real estate market could be a prolonged process. As such, SRF could only generate sufficient net cash inflows, after the priority payment to suppliers, essential operating costs and bank loans pursuant to the Fund Monitoring Agreement and requests from principal banks, for the settlement of the Overdue Consultancy Fees during the year ending 31 December 2030. As confirmed by SRF with the Company, (i) the total outstanding amount due to other creditors of SRF before SRF could settle with the Company amounted to approximately RMB8,266 million as at 31 December 2025, including bank loans of RMB8.0 billion and amounts due to other creditors of RMB266 million; and (ii) SRF expected to further incur operating expenses amounting to approximately RMB278.4 million during the extension period during 2026 to 2030.

As understood by the Management from SRF, they have not entered into any sale and purchase agreements with third parties for the unsold units of the IEC Project. However, it is noted that government policies have been continuously implemented to promote the recovery of the PRC real estate market. For example, in September 2025, Shenzhen has eased the purchase limit of commodity housing in certain districts and optimised the credit assessment for mortgages. Although the future sales of the IEC Project could not be guaranteed, based on (i) the efforts of the government on the real estate market; (ii) the moderate growth of the PRC's economy of 4.0% in 2025 in terms of GDP according to the National Statistics Bureau; (iii) reasonable determination of the target selling prices based on historical selling prices with slight upward adjustments or based on prevailing market prices; and (iv) the extension period of three to five years allowing reasonably sufficient time for the potential recovery of the PRC real estate market, the Directors are of the view, and we concur that, it is fair and reasonable to expect that the real estate market would be recovered to a favourable condition to facilitate the successful sales of the IEC Project by 2029 and 2030.

In addition, we have analysed the financial position of the Group, and particularly the liquidity position. According to the 2025 Interim Report, the Group's current assets and current liabilities as at 30 June 2025 amounted to approximately RMB76.4 million and approximately RMB311.6 million, respectively, resulting in net current liabilities of approximately RMB235.2 million. According to the 2025 Interim Report and as discussed with the Management, the net current liability position of the Group indicated the existence of uncertainty to its ability to continue as a going concern. Nevertheless, the Directors have taken plans and measures to mitigate the liquidity pressure and to improve its financial position. These plans and measures include creating cash inflows by improving the operation performance of the Group's department store business, securing new banking facilities to be further pledged by the Group' assets and further disposal of the Group's other assets, if appropriate. Further, we have also enquired with the Management about the Group's working capital and funding needs in the next five years. We were given to understand that the Group currently strive to improve its operating performance and to meet its short-term liabilities which may require to reduce the operating costs. Therefore, the Group currently do not have any significant investment plan that would require material amount of capital investment. We also note that the Group have made full provision regarding the receivable of the Overdue Consultancy Fees during the year ended 31 December 2023 which implied that the expectation to recover the Overdue Consultancy Fees has been remote. Accordingly, the recovery of the Overdue Consultancy Fees was not taken in account when the Directors examined the liquidity issue and the future working capital and funding needs of the Group and hence, the Further Extension is not expected to have a material impact on the normal operation of the Group.

Taking into account, among other things, (i) the latest development and sales plan of the IEC Project as provided by SRF, which demonstrated that SRF would be able to settle the Overdue Consultancy Fees according to the settlement schedule as set out in the Consultancy Fees Payment Extension Agreement; and (ii) the Further Extension is not expected to have a material impact on the normal operation of the Group since the recovery of the Overdue Consultancy Fees was not taken into account when the Directors examined the liquidity issue of the Group, we are of the view that the settlement terms of the Consultancy Fees Payment Extension Agreement are fair and reasonable.

The interest payment and interest rate

Pursuant to the Consultancy Fees Payment Extension Agreement, the Group would entitle interest income regarding the Overdue Consultancy Fees. The interest on the Overdue Consultancy Fees will be accrued from 1 January 2023 at the prevailing benchmark rate for three-year RMB fixed deposit published by the China Construction Bank in the PRC (the "**CCB 3Y RMB Benchmark Rate**") from time to time and will be payable on or before 31 December 2030. Based on (i) the Overdue Consultancy Fees of approximately RMB347.4 million payable by SRF to the Group; (ii) the settlement schedule as set out in the Consultancy Fees Payment Extension Agreement; and (iii) the prevailing CCB 3Y RMB Benchmark Rate ranging from 1.25% to 2.60% per annum, it is expected that the total interest income to be generated from the Further Extension during the period commencing from 1 January 2023 to 31 December 2030 will amount to approximately RMB37.5 million, which represents approximately 19% of the Group's total revenue in FY2024. Taking into account (i) the Overdue Consultancy Fees were denominated in RMB; (ii) the China Construction Bank in the PRC is one of the four major principal banks in China and the interest rates for RMB fixed deposits have been substantially the same among the four major banks in China; (iii) the CCB 3Y RMB Benchmark Rate reflects the three-year period within the Further Extension; and (iv) there is no material difference between the adoption of the CCB 3Y RMB Benchmark Rate and the five-year RMB fixed deposit published by the China Construction Bank in the PRC (the "**CCB 5Y RMB Benchmark Rate**") due to the reasons below:

(a) the prevailing CCB 5Y RMB Benchmark Rate is 1.30%, which represents a difference of less than 4% when compared with the prevailing CCB 3Y RMB Benchmark Rate of 1.25%;

(b) the Board notes that there is no four-year RMB fixed deposit published by the China Construction Bank in the PRC, and accordingly, the Board has to consider between either adopting the CCB 3Y RMB Benchmark Rate or the CCB 5Y RMB Benchmark Rate during the negotiation process with SRF;

(c) taking into account the principal amount of the Overdue Consultancy Fees plus the interest accrued thereunder, on the assumption that SRF would make full repayment of the entire outstanding amount by the end of 2030, the entire repayment amount would be (i) RMB384.9 million (if using the CCB 3Y RMB Benchmark Rate) or (ii) RMB385.7 million (if using the CCB 5Y RMB Benchmark Rate), which represents a difference of approximately RMB0.8 million (translated into an approximate 0.23% difference only), where the Board considers that such difference is relatively very minimal; and

(d) during the negotiation process with SRF, notwithstanding that SRF's current plan is to make full repayment of the bank loans by 2030 and that SRF could not make any settlement of the Overdue Consultancy Fees prior to full repayment of the bank loans (details of which are set forth in the paragraph headed "No priority of the payment of the Overdue Consultancy Fees over the repayment of the outstanding bank loans" above), there is still a possibility that SRF could fully repay the bank loans in 2029 (or earlier) and hence could make settlement of the Overdue Consultancy Fees (in full or in part) in 2029 (or earlier). Since there is no 4-year rate available as aforesaid, the adoption of the CCB 5Y RMB Benchmark Rate is equally not appropriate in such circumstance.

Based on the above, the Board is of the view, and we concur that it is not unreasonable to adopt the CCB 3Y RMB Benchmark Rate as the interest rate to determine the interest payment under the Consultancy Fees Payment Extension Agreement.

Personal guarantees or collaterals

We have discussed with the Directors in relation to requesting personal guarantees or collateral from the ultimate beneficial owner of SRF for the Overdue Consultancy Fees. The Group has not obtained any pledge, collateral or personal guarantee from SRF or any of its beneficial owners to secure the settlement of the Overdue Consultancy Fees because of the reasons listed below:

1. SRF has no other assets of significant value which are free from any third-parties' interest or encumbrance, and the funds received by SRF have been subject to the surveillance under the "Funds Supervision Agreement".

2. Any personal guarantee from the ultimate beneficial owners of SRF, i.e. Mr.Yang, would not provide any meaningful or sufficient security in lieu of nor significantly enhances the recovery of the Overdue Consultancy Fees from SRF.

3. The Board has assessed the financial position of SRF, and reviewed the latest development and sale plans of the IEC Project provided by SRF and considers that such plans are not overly optimistic taking into consideration the current economic landscape in the PRC.

4. The Consultancy Fees Payment Extension Agreement will not require the Group to contribute any additional financial resources to SRF. Nor does the Group require any additional provision for the impairment of the delayed settlement of the Overdue Consultancy Fees as such amount has been written down in full by the Group.

We concur with the above understanding from the Directors. Further, it is considered that the relevant consultancy fees were originated from the consultancy services provided by the Group to SRF instead of a financial arrangement and hence, it is not appropriate nor reasonable to request personal guarantees or collateral from the ultimate beneficial owner of SRF under such circumstances.

Conclusion regarding the principal terms of the Consultancy Fees Payment Extension Agreement

Based on our research and understanding on the recent PRC real estate market and our review of the development and sales plan of the IEC Project, we understand that the settlement of the Overdue Consultancy Fees is largely dependent on the recovery of the PRC real estate market which is beyond the control of SRF. We also note that more than 40% of the units of IEC Project has to be sold at the target selling prices for the settlement of SRF's various liabilities, followed by the Overdue Consultancy Fees. Under such circumstances, we are of the view that it is not meaningful for the Company to impose a more stringent settlement term which could possibly impair the feasibility of the settlement schedule. We also concur with the Directors' view that since the relevant consultancy fees were originated from the consultancy services provided by the Group to SRF which was not financing in nature, it is not appropriate nor reasonable to request personal guarantees or collateral from the ultimate beneficial owner of SRF. Having considered the above, we are of the view that the terms of the Consultancy Fees Payment Extension Agreement and the further extension alone (without imposing other more stringent settlement terms) are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

4. Financial effect of the Further Extension

The Group previously recognised interest income pursuant to the relevant terms in the IEC Termination Agreement and the IEC Supplemental Termination Agreement. Similar to the balance of Overdue Consultancy Fees, the Group made full provision regarding the receivable of such interest income. According to the terms of the Consultancy Fees Payment Extension Agreement, the Group will receive an interest income at the prevailing CCB 3Y RMB Benchmark Rate on the Overdue Consultancy Fees. Based on (i) the Overdue Consultancy Fees of approximately RMB347.4 million due by SRF to the Group; (ii) the settlement schedule as set out in Consultancy Fees Payment Extension Agreement; (iii) the Overdue Consultancy Fees and the relevant interest to be settled by SRF in accordance with the Consultancy Fees Payment Extension Agreement on 31 December 2030; and (iv) the prevailing CCB 3Y RMB Benchmark Rate ranging from 1.25% to 2.60% per annum during the relevant periods, it is expected that the total interest income to be generated from the relevant extensions during the period commencing from 1 January 2023 to 31 December 2030 will amount to approximately RMB37.5 million. Accordingly, it is expected that the entering into of the Consultancy Fees Payment Extension Agreement will have positive effect on the future earnings.

CONCLUSION

Having taken into account the above principal factors and reasons, we are of the view that notwithstanding that the entering into of the Consultancy Fees Payment Extension Agreement is not in the ordinary and usual course of business of the Group, the terms of Consultancy Fees Payment Extension Agreement are on normal commercial terms and are fair and reasonable, and the entering into of the Consultancy Fees Payment Extension Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolution at the EGM to approve the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Innovax Capital Limited
Richard, Chu Sai Tak
Managing Director

Note: Mr. Richard Chu is a licensed person under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and regarded as a responsible officer of Innovax Capital Limited. Mr. Richard Chu has over 15 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company.

The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters not contained in this circular, the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(I) Directors' and chief executive's interests and short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations

As of the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or which were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set forth in Appendix C3 to the Listing Rules as adopted by the Company, were as follows:

(a) Long positions in the Shares of the Company

Name of Director	Capacity	Number of Shares	Approximate percentage of the Company's issued share capital
Ms. HUANG Xue Rong	Administrator *(Note)*	1,374,167,500	55.08%
	Beneficial owner	8,324,000	0.33%
Mr. YANG	Beneficial owner	2,490,000	0.09%

*Note: Ms. HUANG Xue Rong has been appointed as the administrator of the estate of Mr. YANG Xiangbo, which include all the issued share capital of Xiang Rong Investment Limited ("**Xiang Rong**"). Xiang Rong owns the entire issued share capital of Shirble BVI. As such, Ms. HUANG Xue Rong is deemed to be interested in the 1,374,167,500 Shares held by Shirble BVI.*

(b) Long positions in shares of associated corporations

Name of Director	Name of associated corporations	Capacity	Number of shares	Approximate percentage of the issued share capital of the associated corporation
Ms. HUANG Xue Rong	Shirble BVI	Administrator *(Note)*	50,000	100%
Ms. HUANG Xue Rong	Xiang Rong	Administrator *(Note)*	100	100%

Note: Ms. HUANG Xue Rong has been appointed as the administrator of the estate of Mr. YANG Xiangbo, which include all the issued share capital of Xiang Rong. Xiang Rong owns the entire issued share capital of Shirble BVI.

Save as disclosed above, as of the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director was taken or deemed to have under such provisions of the SFO); or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which was required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

(II) Substantial Shareholders who have an interest and/or short position which is disclosable under Divisions 2 and 3 of Part XV of the SFO

So far as is known to the Directors and chief executive of the Company, as of the Latest Practicable Date, the following persons (other than Directors and chief executives of the Company) had, or were deemed or taken to have an interest or short position in the Shares and underlying Shares of the Company, which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

(a) Long positions in the Shares

Name	Capacity	Number of Shares	Approximate percentage of the Company's issued Shares
Shirble BVI	Beneficial owner *(Note)*	1,374,167,500	55.08%
Xiang Rong	Interest in a controlled corporation *(Note)*	1,374,167,500	55.08%
Mr. HAO Jian Min	Beneficial owner	374,250,000	15.00%

Note: The 1,374,167,500 Shares were held by Shirble BVI, which was wholly owned by Xiang Rong, which was in turn wholly owned by Ms. HUANG Xue Rong, as administrator of the estate of Mr. YANG Xiangbo. According to the SFO, both of Ms. HUANG Xue Rong and Xiang Rong were deemed to have interests in the 1,374,167,500 Shares held by Shirble BVI.

Save as disclosed above, as of the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and chief executives of the Company) who had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares of the Company which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

3. COMPETING BUSINESS

As of the Latest Practicable Date, none of the Directors and his close associates had any interests (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling shareholder of the Company for the purpose of the Listing Rules) which competes or was likely to compete, either directly or indirectly, with the businesses of the Group.

4. SERVICE CONTRACTS

As of the Latest Practicable Date, no Director has a service contract with any member of the Group which is not determinable by such member of the Group within one year without payment of compensation other than statutory compensation.

5. DIRECTORS' INTEREST IN ASSETS

None of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

There was no contract or arrangement of significance in relation to the Group's business in which a Director had a material interest, whether directly or indirectly, subsisting as of the Latest Practicable Date.

7. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
Innovax Capital Limited	A corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO

The expert above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinion as set out in this circular and references to its name in the form and context in which they appear in this circular.

As of the Latest Practicable Date, the expert above did not have any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

As of the Latest Practicable Date, the expert above did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

9. MISCELLANEOUS

(a) The Hong Kong branch share registrar and transfer office of the Company is Union Registrars Limited, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

(b) The secretary of the Company and the qualified accountant of the Company is Mr. CHOW Chun Pong, who is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

(c) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The head office and principal place of business of the Company in Hong Kong is situated at Unit C2, 30th Floor, T G Place, 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong.

(d) Unless otherwise stated, all references to times and dates in this circular refer to Hong Kong times and dates.

(e) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

10. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange at www.hkex.com.hk and the Company's website at www.shirble.net from the date of this circular up to 14 days thereafter:

(a) the Consultancy Fees Payment Extension Agreement; and

(b) the letter of consent from the expert referred to in the paragraphs under "8. Expert's qualification and consent" in this appendix.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "**EGM**") of Shirble Department Store Holdings (China) Limited (the "**Company**") will be held at Suite 2602-03, 26/F, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong on Thursday, 19 March 2026 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT** the supplemental agreement entered into between Huai'an Runleju Engineering Construction Co., Ltd. (淮安市潤樂居工程建設有限公司) and Shenzhen Shengrunfeng Investment & Development Co., Ltd.* (深圳市晟潤豐投資發展有限公司) dated 30 December 2025 for the purpose of further extension of the settlement of the overdue consultancy fees (the "**Consultancy Fees Payment Extension Agreement**") (a copy of which having been produced at the EGM and marked "A" and initialed by the chairman of the EGM for identification purpose) and the transactions contemplated thereunder and in connected therewith, be and are hereby approved, confirmed and ratified; **AND THAT** any director of the Company be and is hereby authorised to do all such further acts and things and execute such further documents on behalf of the Company and take all such steps which in his opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of the Consultancy Fees Payment Extension Agreement and the transactions contemplated thereunder."

By order of the Board
YANG Ti Wei
Deputy Chairman, Chief Executive Officer and Executive Director

Hong Kong, 26 February 2026

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681,
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:
Unit C2, 30th Floor, T G Place
10 Shing Yip Street
Kwun Tong
Kowloon
Hong Kong

Notes:

(1) A form of proxy for the EGM is enclosed.

(2) Any member entitled to attend and vote at the EGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more Shares may appoint more than one proxy to represent him/her and vote on his/her behalf at the EGM. A proxy need not be a member of the Company.

(3) In order to be valid, the form of proxy completed in accordance with the instructions set out therein, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy of that power or authority) must be deposited to the Company's branch share registrar in Hong Kong, Union Registrars Limited, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not less than 48 hours before the time appointed for holding the EGM (i.e. not later than Tuesday, 17 March 2026 at 11:00 a.m. (Hong Kong time)) or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

(4) In case of joint holders of any share, any one of such joint holders may vote at the EGM, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting in person or by proxy, then one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.

(5) The register of members of the Company will be closed from Monday, 16 March 2026 to Thursday, 19 March 2026, both days inclusive, during which period no transfer of shares will be registered. The record date will be Thursday, 19 March 2026 and to entitle to attend and vote at the EGM, all share transfers documents accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Friday, 13 March 2026 for such purpose.

(6). If Typhoon Signal No. 8 or above, or a "black" rainstorm warning signal or "extreme conditions after super typhoons" announced by the HKSAR Government is/are in effect any time and remains in force 3 hours before the time of the EGM, the EGM will be postponed. The Company will post an announcement on the website of the Company at http://www.shirble.net and on the website of the Stock Exchange at www.hkexnews.hk to notify shareholders of the Company of the date, time and place of the rescheduled meeting.

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

* *For identification purpose only*