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

**歲寶百貨控股(中國)有限公司**

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

**(Stock code: 00312)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION AGREEMENT**

#### **The Acquisition Agreement**

The Board announces that on 10 February 2020 (after trading hours), the Vendor, the Purchaser (a wholly-owned subsidiary of the Company), the Target Company, the Guarantors and the Project Company entered into the Acquisition Agreement, pursuant to which, subject to CGI Trust's approval, the Vendor has agreed to sell, and the Purchaser has agreed to purchase the Sale Shares, being 1% of the equity interest of the Target Company for the Share Consideration of RMB500,000 (equivalent to approximately HK\$556,427). In addition, subject to CGI Trust's approval, the Vendor has agreed to transfer to the Purchaser the Call Obligation at nil consideration. Upon the transfer of the Call Obligation, CGI Trust, the Vendor and the Purchaser will further negotiate to enter into new definitive agreements to, inter alia, acknowledge the transfer of the Call Obligation by the Vendor to the Purchaser whereby, the Purchaser shall acquire from CGI Trust its 99% equity interest in the Target Company, being all the equity interest in the Target Company owned by CGI Trust at RMB49,500,000 (equivalent to approximately HK\$55,086,302).

### **The Shareholder's Loans**

The Purchaser has also agreed to advance the Shareholder's Loans in the aggregate amount of RMB199,500,000 (equivalent to approximately HK\$222,014,489) to the Target Company, which will be used by the Target Company to settle the existing loans owed to the Vendor upon the satisfaction or waiver by the Purchaser of certain conditions pursuant to the Acquisition Agreement.

### **The Development Project and the Zhuhai Land**

The Project Company is the beneficial owner of the Development Project, which is situated at the east side of Jida Qinglv South Road, north of Haiyu Road, Xiangzhou District, Zhuhai City, Guangdong Province, the PRC with a land parcel area of approximately 14,000.08 sq.m. for residential use.

### **Implications under the Listing Rules**

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition Agreement and the Acquisition contemplated thereunder exceeds 5% but is below 25%, the Acquisition Agreement and the Acquisition contemplated thereunder constitute a discloseable transaction (as defined in Chapter 14 of the Listing Rules) for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **Background**

As at the date of this announcement, the Target Company is owned as to 1% by the Vendor and 99% by CGI Trust. The Target Company is the sole shareholder of the Project Company, which is the beneficial owner of the Zhuhai Land. Pursuant to the Forward Agreement dated 6 March 2019 entered into between the Vendor and CGI Trust, upon satisfaction of certain conditions as set out in the Forward Agreement, the Vendor (or its permitted transferee) is obligated to acquire from CGI Trust its designated 99% equity interest in the Target Company, being all the equity interest in the Target Company owned by CGI Trust at RMB49,500,000 (equivalent to approximately HK\$55,086,302).

## THE ACQUISITION AGREEMENT

The Board announces that on 10 February 2020 (after trading hours), the Vendor, the Purchaser (a wholly-owned subsidiary of the Company), the Target Company, the Guarantors and the Project Company entered into the Acquisition Agreement. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor, the Target Company, the Guarantors, the Project Company and their respective ultimate beneficial owners are Independent Third Parties.

### Acquisition of the Sale Shares and the Call Obligation

Pursuant to the Acquisition Agreement, subject to CGI Trust's approval, the Vendor has agreed to sell, and the Purchaser has agreed to purchase the Sale Shares, representing 1% of the entire equity interest of the Target Company for the Share Consideration of RMB500,000 (equivalent to approximately HK\$556,427). In addition, subject to CGI Trust's approval, the Vendor has agreed to transfer to the Purchaser the Call Obligation at nil consideration. Upon the transfer of the Call Obligation, CGI Trust, the Vendor and the Purchaser will further negotiate to enter into new definitive agreements to, inter alia, acknowledge the transfer of the Call Obligation by the Vendor to the Purchaser whereby, the Purchaser shall acquire from CGI Trust its 99% equity interest in the Target Company, being all the equity interest in the Target Company owned by CGI Trust at RMB49,500,000 (equivalent to approximately HK\$55,086,302).

The Share Consideration shall be payable by the Purchaser on the completion date (the "**Completion Date**"), which will be within 7 Business Days upon satisfaction or waiver of the following conditions by 20 March 2020:

- (1) the Acquisition Agreement has been entered into by the parties and become effective;
- (2) CGI Trust's written approval of the transfer of the Sale Shares has been obtained and that new directors, supervisors, senior management of the Target Company and the Project Company have been appointed and they have given written confirmation waiving their respective pre-emptive rights;
- (3) the Vendor, the Target Company, the Guarantors have executed the Acquisition Agreement and necessary approvals, permits, consents and authorizations have been obtained in relation to the transfer of the Sale Shares;

- (4) the Vendor has provided the Purchaser with the relevant information for the business registration change;
- (5) the Target Company and the Project Company have given notice to all suppliers of the Development Project of the proposed change in control of the Target Company, and that the Project Company would have the right to negotiate with the suppliers in relation to the Development Project;
- (6) the Vendor, the Project Company and the relevant third party contractor have entered into definitive agreements in relation to the arrangement of certain existing contracts between the Project Company and the relevant third party contractor;
- (7) the representations and warranties given by the Vendor, the Target Company, the Guarantors and the Project Company in the Acquisition Agreement are true, accurate and complete in all respects;
- (8) other than the Project Company's historical default in repayment of interest which has already been rectified, the Project Company was not in default of any loans or interest as at the date of the Acquisition Agreement and that the Vendor, the Target Company, the Guarantors and the Project Company are not in breach of any other agreement save as the abovementioned historical default by the Project Company;
- (9) there are no existing or reasonably possible material adverse change raised by any government authorities that may restrict the Acquisition, or may render the Acquisition impossible or illegal in the reasonable judgment of the Purchaser;
- (10) no one or more events, individually or together, that would have a material adverse effect has occurred; and
- (11) the Vendor has provided to the Purchaser a written confirmation confirming fulfilment of all of the above conditions.

## **The Shareholder's Loans**

The Purchaser has also agreed to advance the Shareholder's Loans in the aggregate amount of RMB199,500,000 (equivalent to approximately HK\$222,014,489) to the Target Company, which will be used by the Target Company to settle the existing loans owed to the Vendor upon the satisfaction or waiver by the Purchaser of certain conditions in the following manner:

- (a) RMB99,500,000 (equivalent to approximately HK\$110,729,031) will be payable on the Completion Date;
- (b) RMB50,000,000 (equivalent to approximately HK\$55,642,729) will be payable within 7 Business Days upon the satisfaction of or waiver by the Purchaser, amongst others, the following conditions:
  - (i) CGI Trust, the Vendor and the Purchaser having entered into definitive agreements to, inter alia, acknowledge the transfer of the Call Obligation by the Vendor to the Purchaser whereby, the Purchaser shall acquire from CGI Trust its 99% equity interest in the Target Company; and
  - (ii) the Vendor indemnifying the Purchaser against 40% of any liabilities arising from or in connection with the transfer of the Call Obligation; and
- (c) RMB50,000,000 (equivalent to approximately HK\$55,642,729) will be payable within 7 Business Days upon the satisfaction of or waiver by the Purchaser, amongst others, the following conditions:
  - (i) construction of the Development Project reaching a specific standard (as the earth excavation to bottom elevation process having been completed) before 20 March 2020 by the relevant third party contractor and the relevant fees having been settled between the Vendor and the relevant third party contractor before 31 March 2020; and
  - (ii) the Purchaser being satisfied with the due diligence results (including any necessary rectification) in relation to the business, financial and legal aspects of Target Company and the Project Company within 50 days from the date of the Acquisition Agreement.

## **Subsequent Transfer of shares in the Project Company**

Pursuant to the Acquisition Agreement, upon completion of the Acquisition and after the acquisition of the 99% equity interest in the Target Company by the Purchaser from CGI Trust upon the transfer of the Call Obligation, the Purchaser (being the then sole shareholder of the Target Company) will procure the Target Company to sell to the Vendor 1% of the equity interest of the Project Company at the consideration of RMB2,500,000 (equivalent to approximately HK\$2,782,136) (the “**Subsequent Transfer**”).

Upon completion of the Subsequent Transfer, the Purchaser and the Vendor have agreed that:

- (a) in the event that the Vendor repays the loans to be provided by the Purchaser’s actual controller or its related parties (if any) and related interest in full in a timely manner, the Vendor will be entitled to share 40% of the Project Company’s profits from time to time, irrespective of its percentage of shareholding in the Project Company; or
- (b) in the event that the Vendor defaults in repayment on the due date of any part of the loans to be provided by the Purchaser’s actual controller or its related parties (if any) and related interest, the Vendor will irrevocably and unconditionally waive its right to share any of the Project Company’s profits from such due date.

## **Basis of Consideration**

The amount of Consideration, comprising the Share Consideration, the Shareholder’s Loans and the Call Obligation Performance Price under the Acquisition Agreement, was determined after arm’s length negotiations between the Vendor and the Purchaser with reference to:

- (i) 1% of the unaudited net asset value of the Target Company as at 31 December 2019;
- (ii) the amount of Shareholder’s Loans to be advanced by the Purchaser to the Target Company to settle the existing loans owed to the Vendor;
- (iii) the amount required to acquire the 99% equity interest in the Target Company from CGI Trust pursuant to the Forward Agreement; and
- (iv) the value of the Zhuhai Land and the Development Project of approximately RMB1.5 billion (equivalent to approximately HK\$1.67 billion) based on the preliminary valuation by an independent valuer with reference to the market value of comparable projects of similar size, scale, nature, character and location and the prevailing market conditions.

The Consideration will be financed by the internal resources of the Group.

## **Guarantee**

Mr. Yang Feng and Mr. Yang Zhi Xiong, the Guarantors, who in aggregate hold 92% of the equity interest in the Vendor, will provide a personal guarantee to guarantee the due performance and observance of the obligations of the Vendor, the Target Company, and the Project Company under the Acquisition Agreement.

## **Termination**

In the event that the approval from CGI Trust cannot be obtained for the transfer of the Sale Shares and/or the Call Obligation, the Acquisition Agreement may be terminated by consensus among the parties in written form. The Acquisition Agreement may be terminated by the Vendor or the Purchaser by giving written termination notice to the other party who commits a material breach of the Termination Agreement but fails to remedy such material breach within 15 days from the date that the written remedial notice is served to the defaulting party. The non-defaulting party shall be entitled to claim for any loss or damages against the defaulting party for any such breach.

## **Information on the Target Company, the Project Company, the Development Project and the Zhuhai Land**

The Target Company is a limited liability company incorporated in the PRC and is principally engaged in investment holding.

The Project Company is a limited liability company incorporated in the PRC and is principally engaged in property development. The Project Company is the beneficial owner of the Development Project, which is situated at the east side of Jida Qinglv South Road, north of Haiyu Road, Xiangzhou District, Zhuhai City, Guangdong Province, the PRC with a land parcel area of approximately 14,000.08 sq.m. for residential use (the “**Zhuhai Land**”).

The unaudited consolidated total assets and net assets of the Target Company as at 31 December 2019 were RMB2,037.1 million (equivalent to approximately HK\$2,267.0 million) and RMB50.1 million (equivalent to approximately HK\$55.8 million), respectively. The unaudited net (loss) (both before and after taxation) of the Target Company for the years ended 31 December 2018 and 31 December 2019 are as follows:

	<b>For the year ended 31 December 2018</b> (RMB)	<b>For the year ended 31 December 2019</b> (RMB)
Net (loss) before and after taxation	(1,124) (equivalent to approximately HK\$(1,251)	(876) (equivalent to approximately HK\$(975)

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE ACQUISITION AGREEMENT**

As disclosed in the Group's 2019 interim report, the Group will expand its property business mainly in the Greater Bay Area, focusing on both property project management business and property development business. The Group will bolster its land reserve through bidding, equity acquisitions, joint ventures, and development and sales of properties under the Company's brand name, so as to facilitate the long-term growth of the business, and to create synergies between the Group's retail businesses. As the major business operations of the Target Company cover the development of residential properties in Zhuhai City, Guangdong Province, the Acquisition will be in line with the Group's strategic focus to expand its footprint for both its department store and property business into cities other than Shenzhen in the Greater Bay Area.

The Board confirms that the terms of the Acquisition (including the basis of the Consideration) are on normal commercial terms, fair and reasonable and the entering into of the Acquisition Agreement is in the interests of the Company and its shareholders as a whole.



## INFORMATION OF THE PARTIES

The Group is principally engaged in the operation of department stores in the PRC. The Purchaser is a wholly-owned subsidiary of the Company. Its principal business is to carry out property management and property development business.

The Vendor is a limited liability company established in the PRC, and its principal businesses are property development, high technology business and financial services.

The Guarantors, Mr. Yang Feng and Mr. Yang Zhi Xiong, are two individuals in the PRC holding 92% of the equity interest in the Vendor in aggregate.

## IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition Agreement and the Acquisition contemplated thereunder exceeds 5% but is below 25%, the Acquisition Agreement and the Acquisition contemplated thereunder constitute a discloseable transaction (as defined in Chapter 14 of the Listing Rules) for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

None of the Directors has a material interest in the transactions contemplated under the Acquisition Agreement and has abstained from voting on the Board resolutions to approve the transactions contemplated under the Acquisition Agreement.

## DEFINITIONS USED IN THIS ANNOUNCEMENT

*Unless the context requires otherwise, the capitalised terms used herein shall have the following meanings:*

“Acquisition”	the acquisition of the 1% equity interest in the Target Company and the Call Obligation from the Vendor by the Purchaser;
“Acquisition Agreement”	the agreement dated 10 February 2020 entered into between (a) the Vendor; (b) the Purchaser; (c) the Target Company; (d) the Guarantors and (e) the Project Company in relation to the Acquisition;

“Board”	the board of Directors;
“Business Days”	any usual business day of commercial banks in the PRC other than Saturday, Sunday and statutory holidays of the PRC;
“Call Obligation”	the obligation of the Vendor (or its permitted transferee) to acquire from CGI Trust all the equity interest in the Target Company that CGI Trust owns (being 99% of the equity interest in Target Company) pursuant to the Forward Agreement upon satisfaction of certain conditions as set out therein;
“Call Obligation Performance Price”	the sum of RMB49,500,000 (equivalent to approximately HK\$55,086,302) at which the Vendor (or its permitted transferee) will acquire from CGI Trust its 99% equity interest in the Target Company following the performance of the Call Obligation;
“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, whose shares are listed on the Stock Exchange (stock code: 00312);
“Completion Date”	has the meaning ascribed to it in under the section headed “Acquisition of the Sale Shares and the Call Obligation” in this announcement;
“Consideration”	the Share Consideration, the Call Obligation Performance Price and the Shareholder’s Loans;
“CGI Trust”	China Construction Investment Trust Co., Ltd* (中建投信託股份有限公司), a limited company established in the PRC, to the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, CGI Trust and its ultimate beneficial owners are Independent Third Parties;

“Director(s)”	the director(s) of the Company (including all independent non-executive director(s)) of the Company;
“Development Project”	the property development project situated at the Zhuhai Land and is beneficially owned by the Project Company;
“Forward Agreement”	an agreement dated 6 March 2019 entered into between the Vendor and CGI Trust relating to the Call Obligation;
“Group”	the Company and its subsidiaries;
“Guarantors”	Mr. Yang Feng and Mr. Yang Zhi Xiong, individuals in the PRC holding 92% of the equity interest in the Vendor in aggregate;
“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;
“Independent Third Party”	a party independent of and not connected with the Company and its connected persons;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“RMB”	Renmibi, the lawful currency of the PRC;
“PRC”	The People’s Republic of China which for the purpose of this announcement does not include Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Project Company”	Zhuhai Xingwan Real Estate Co., Ltd.* (珠海星灣置業有限公司), a limited company established in the PRC, and is a wholly-owned subsidiary of the Target Company as at the date of this announcement;

“Purchaser”	Shenzhen Shirble Enterprise Management Co., Ltd.* (深圳市歲寶企業管理有限公司), a limited company established in the PRC, and is a wholly-owned subsidiary of the Company;
“Sale Shares”	1% of the entire equity interest of the Target Company held by the Vendor;
“Share Consideration”	consideration for the acquisition from the Vendor by the Purchaser of the Sale Shares of RMB500,000 (equivalent to approximately HK\$556,427);
“Shareholder’s Loans”	loans which will become owing by the Target Company to the Purchaser in the aggregate amount of RMB199,500,000 (equivalent to approximately HK\$222,014,489), and will be used by the Target Company to settle the existing loans owed to the Vendor;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsequent Transfer”	the transfer by the Target Company to the Vendor 1% of the equity interest of the Project Company, at the consideration of RMB2,500,000 (equivalent to approximately HK\$2,782,136) upon completion of the Acquisition and after the acquisition of the 99% equity interest in the Target Company by the Purchaser from CGI Trust upon the transfer of the Call Obligation;
“Target Company”	Zhuhai Hengqin New District Jinhuida Equity Investment Fund Co., Ltd.* (珠海橫琴新區錦匯達股權投資基金有限公司), a limited company established in the PRC;

“Vendor”	Zhuhai Huace Group Co., Ltd.* (珠海市華策集團有限公司), a limited company established in the PRC;
“Zhuhai Land”	a piece of land situated at the east side of Jida Qinglv South Road, north of Haiyu Road, Xiangzhou District, Zhuhai City, Guangdong Province, the PRC with a land parcel area of approximately 14,000.08 sq.m. for residential use and is beneficially owned by the Project Company.

*For illustration purposes, amounts in RMB have been translated into HK\$ at the rate of RMB1 = HK\$1.1129.*

\* *The English names of the Chinese entities included in this announcement are unofficial translations of their Chinese names and are included for identification purposes only.*

By order of the Board  
**Shirble Department Store Holdings (China) Limited**  
**YANG Xiangbo**  
*Co-Chairman and Executive Director*

Hong Kong, 10 February 2020

*As of the date of this announcement, the Board is comprised of six Directors, namely Mr. YANG Xiangbo (Co-Chairman), Mr. HAO Jian Min (Co-Chairman) and Mr. YANG Ti Wei (Chief Executive Officer) as the executive Directors and Mr. CHEN Fengliang, Mr. JIANG Hongkai and Mr. FOK Hei Yu as the independent non-executive Directors.*

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