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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
DISPOSAL OF SHARES
IN TFG INTERNATIONAL GROUP LIMITED**

SALE AND PURCHASE AGREEMENT

On 29 August 2022 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Purchaser agreed to acquire, and the Vendor agreed to sell 1,320,000,000 TFG Shares, representing approximately 19.0% of the total issued share capital of TFG as at the date of this announcement, at the price of HK\$0.0458 per TFG Share and for a total Consideration of HK\$60,456,000.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements, but is exempt from circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

SALE AND PURCHASE AGREEMENT

Date

29 August 2022 (after trading hours)

Parties

- (i) the Vendor
- (ii) the Purchaser

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser is a third party independent of and not connected with the Company and its connected persons.

Subject matter and the Consideration

Pursuant to the terms of the Sale and Purchase Agreement, the Purchaser agreed to acquire, and the Vendor agreed to sell 1,320,000,000 TFG Shares, representing approximately 19.0% of the total issued share capital of TFG at the date of this announcement, at the price of HK\$0.0458 per TFG Share and for a total Consideration of HK\$60,456,000.

The Consideration was determined after arm's length negotiation between the Purchaser and the Vendor taking into consideration (i) a discount of 79.6% of the original acquisition price of the 1,320,000,000 TFG Shares; (ii) the loss-making track record of TFG Group in the past two financial years; (iii) the unaudited financial position of TFG Group as at 30 June 2022 where the net liabilities and total assets of TFG Group as at 30 June 2022 amounted to approximately HK\$22.1 million and approximately HK\$3,722.8 million, respectively; (iv) the value and scale of the land bank of TFG Group; (v) the historical market value of TFG Shares; (vi) the business development prospects of TFG Group; and (vii) the low liquidity of TFG Shares.

The Payment Terms

The Consideration shall be payable by the Purchaser to the Vendor in cash in the following manner:

- (i) HK\$6,045,600 (representing 10% of the Consideration) has been paid by the Purchaser to the Vendor as deposit (the "**Deposit**") immediately after execution of the Agreement. The Deposit shall be applied towards part payment of the Consideration at Completion; and
- (ii) the balance of the Consideration in the sum of HK\$54,410,400 shall be paid upon Completion.

Completion is conditional upon satisfaction of the Conditions. If any of the Conditions have not been satisfied on or before the Long Stop Date, the Sale and Purchase Agreement shall cease and determine, and the Vendor shall refund the Deposit in full to the Purchaser without interest within 10 Business Days after receiving the Purchaser's written notice.

If all Conditions have been satisfied, but Completion does not take place on or before the Long Stop Date due to:-

- (a) any Force Majeure Event, the Sale and Purchase Agreement shall cease and determine, and the Vendor shall refund the Deposit in full to the Purchaser without interest within 10 Business Days after receiving the Purchaser's written notice; or

- (b) any breach of the Sale and Purchase Agreement by the Vendor (other than any breach contributed by Force Majeure Events or Purchaser's fraud, wilful misconduct, material wrongdoing, gross negligence or breach of contract), the Vendor shall refund the Deposit in full to the Purchaser without interest within 10 Business Days after receiving the Purchaser's written notice and the Vendor shall also be liable to pay a further sum in the same amount to the Purchaser whereupon the Sale and Purchase Agreement shall cease and determine; or
- (c) causes other than those as mentioned in (a) and (b) above, the Vendor shall be entitled to forfeit the Deposit whereupon the Sale and Purchase Agreement shall cease and determine.

TFG Share Price

The price of HK\$0.0458 per TFG Share represents:

- (i) a discount of approximately 50.8% to the closing price of HK\$.093 per TFG Share as quoted on the Stock Exchange on the date of this announcement;
- (ii) a discount of approximately 51.1% to the average closing price of approximately HK\$0.094 per TFG Share for the last five consecutive trading days of the Stock Exchange immediately prior to and including the date of this announcement;
- (iii) a discount of approximately 49.2% to the average closing price of approximately HK\$0.090 per TFG Share for the last ten consecutive trading days of the Stock Exchange immediately prior to and including the date of this announcement;
- (iv) a discount of approximately 52.5% to the average closing price of approximately HK\$0.096 per TFG Share for the last thirty consecutive trading days of the Stock Exchange immediately prior to and including the date of this announcement; and
- (v) a premium of approximately 115.7 times over the unaudited equity attributable to the shareholders of TFG per TFG Share of approximately HK\$0.00039 (calculated based on the unaudited equity attributable to owners of TFG as at 30 June 2022 of approximately HK\$2,727,000 and a total of 6,946,350,040 shares of TFG in issue as at 30 June 2022).

Conditions Precedent

Completion is conditional upon the satisfaction of the following Conditions:

- (i) the listing status of TFG not having been withdrawn; and
- (ii) certain warranties to be given by the Vendor remaining true and accurate upon the date of the Completion.

None of the Conditions may be waived.

Completion

Completion shall take place within 60 days after the date of the Sale and Purchase Agreement (or any other date as agreed between the Vendor and the Purchaser) whereupon the Purchaser will pay the balance of the Consideration and the Vendor will transfer the 1,320,000,000 TFG Shares to the Purchaser.

INFORMATION ON THE PARTIES AND TFG

Information on the Vendor and the Group

The Vendor is incorporated in the BVI and is a wholly-owned subsidiary of the Company. The principal business activity of the Vendor is investment holding. The Group is principally engaged in the operations of department stores and community shopping malls in the PRC.

Information on the Purchaser

The Purchaser is a company incorporated on 1 June 2022 in the BVI with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Purchaser is wholly-owned by Mr. HUANG Anfeng (黃岸峰先生) who is a PRC individual resident and the general manager of Foshan Huaxing Mahogany Furniture Company Limited.* (佛山市華行紅木傢俱有限公司), which principally engages in the production and sales of mahogany furniture in Guangdong Province. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, each of the Purchaser and its ultimate beneficial owner is an Independent Third Party.

Information on TFG

TFG is incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00542). The TFG Group is principally engaged in property development and hotel business in the PRC.

The following information is extracted from the published annual results announcement of TFG for the year ended 31 December 2021 and published interim results announcement of TFG for the six months ended 30 June 2022.

	For the six months ended 30 June 2022 (unaudited) (HK\$ million)	For the year ended 31 December 2021 (audited) (HK\$ million)	2020 (audited) (HK\$ million)
Profit /(loss) before tax	160.5	(341.1)	(216.6)
Profit / (loss) after tax	160.3	(341.5)	(216.8)
Net (liabilities)/assets	(22.1)	(123.2)	207.5

As at 30 June 2022, the unaudited equity attributable to owners of TFG amounted to HK\$2,727,000 and as at 31 December 2021, the audited negative equity attributable to owners of TFG amounted to HK\$163,569,000.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As disclosed in the 2021 annual report, the Group intends to slow down its property projects and continue to focus on the sustainable development of its retail business. Considering the recent performance of TFG Shares, the Group is of the opinion that the Disposal represents a good opportunity for the Group to monetarise the value in its investment in the TFG Group, which is principally engaging in properties development and hotel business. Through the Disposal, as the Group will be able to strengthen its cashflow, enhance its working capital position and to optimize allocation of its financial resources for the future development of the department store business, the Directors considers that the Disposal is beneficial to the Group's long-term development. Taking into account the low liquidity of TFG Shares and the historical financial performance of the TFG Group, the Directors are also of the view that the Consideration is fair and reasonable as regards to a minority shareholder of TFG who intends to sell a large amount of TFG Shares.

In light of the above, the Board is of the view that the terms of the Sale and Purchase Agreement (including but not limited to the payment terms) are on normal commercial terms, fair and reasonable, and the entering into of the Sale and Purchase Agreement is in the interests of the Company and its shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Company expects that it will record a loss on the Disposal of approximately HK\$58.3 million, which is estimated based on the Consideration and the audited financial assets at fair value through profit or loss of the Company as at 31 December 2021. The Company will de-recognize financial assets at fair value through profit or loss which will be measured at fair value in accordance with the International Financial Reporting Standard 9 upon signing of the Sale and Purchase Agreement. The Board intends to utilise the net proceeds from the Disposal as general working capital of the Group.

Upon Completion, the Company shall cease to have any interest in TFG.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in relation to the Disposal is more than 5% but less than 25%, the Disposal constitutes a disclosable transaction for the Company and is subject to the reporting and announcement requirements, but is exempt from circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong and the PRC are generally open for normal banking business (other than (i) a Saturday, Sunday or public holiday in Hong Kong and the PRC; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong)
“BVI”	the British Virgin Islands
“Company”	Shirble Department Store Holdings (China) Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 312)
“Completion”	completion of the sale and purchase of 1,320,000,000 TFG Shares contemplated under the Sale and Purchase Agreement
“Conditions”	the conditions precedent to the Completion which are set forth in the paragraph under “Conditions Precedent” in the section headed “Sale and Purchase Agreement” in this announcement, and each a Condition
“Consideration”	the consideration payable for the sale and purchase of 1,320,000,000 TFG Shares under the Sale and Purchase Agreement, being HK\$60,456,000
“Directors”	the directors of the Company
“Disposal”	the disposal of the 1,320,000,000 TFG Shares (representing approximately 19.0% of the issued share capital of TFG as at the date of this announcement) by the Vendor pursuant to the Sale and Purchase Agreement

“Force Majeure Events”	include the promulgation of any laws and regulations after the date of the Sale and Purchase Agreement which have retrospective effect, acts of public enemy, fires, floods, earthquakes, typhoons or other natural disasters, epidemics, wars, government expropriation, and social anomalies such as strikes or riots not caused by the negligence or misconduct of any party to the Sale and Purchase 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 PRC
“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
“Long Stop Date”	60 days after the signing of the Sale and Purchase Agreement, or any other later date as agreed by the Vendor and the Purchaser in writing
“PRC”	the People’s Republic of China, which for the purposes of this announcement excludes Hong Kong, the Macau Special Administration Region of the PRC and Taiwan
“Purchaser”	Bright Goal Investment Holding Limited (明高投資控股有限公司), a company incorporated in the BVI with limited liability
“Sale and Purchase Agreement”	the sale and purchase agreement dated 29 August 2022 entered into between the Vendor and the Purchaser in respect of the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TFG”	TFG International Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 542)

“TFG Group”	TFG and its subsidiaries
“TFG Shares”	share(s) of HK\$0.01 each in the issued share capital of TFG
“Vendor”	Baoke Trading (BVI) Company Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 29 August 2022

As at the date of this announcement, the non-executive Director is Ms. HUANG Xue Rong (Chairlady), the executive Director is 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.