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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 EARLY TERMINATION OF A LEASE AGREEMENT**

On 8 December 2022, the Lessee (a wholly-owned subsidiary of the Company) and the Lessor entered into the Early Termination Agreement in respect of the early termination of the Lease Agreement.

Pursuant to the Early Termination Agreement, no rental deposit will be forfeited and no penalty and fee will be paid by the Lessee. Further, pursuant to IFRS 16, the Group shall derecognise the right-of-use asset in the consolidated financial statements of the Company after execution of the Early Termination Agreement. Therefore, the transaction contemplated under the Early Termination Agreement will be regarded as a disposal of the right-of-use asset by the Group under the Listing Rules. The value of the right-of-use asset to be derecognized by the Group under the Early Termination Agreement approximately RMB283.0 million (equivalent to HK\$316.7 million).

As one of the applicable percentage ratio as defined under the Listing Rules in respect of the transaction contemplated under the Early Termination Agreement based on the value of the right-of-use asset to be derecognized by the Group pursuant to IFRS 16 is 5% or more but is less than 25%, the transactions contemplated under the Early Termination Agreement constitutes a discloseable transaction of the Company and is subject to the notification and announcement but is exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 8 December 2022, the Lessee, being a wholly-owned subsidiary of the Company and the Lessor entered into the Early Termination Agreement in respect of the early termination of Lease Agreement.

THE EARLY TERMINATION AGREEMENT

The principal terms of the Early Termination Agreement are as follow:

Date:	8 December 2022
Parties:	(a) The Lessor, as lessor and (b) The Lessee, being a wholly-owned subsidiary of the Company, as lessee.
	To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Lessor and its ultimate beneficial owners are Independent Third Parties.
Premises:	The Premise at Hongfa World Shopping Plaza, Baoshi South Road, Langxin Community, Shiyan Street, Baoan District, Shenzhen, Guangdong Province, China
Subject matter	The Lease Agreement, which is for a term of 20 years from 30 June 2012, shall be early terminated with effect from 30 September 2022 whereas the Lessee shall vacate from the Premises pursuant to the terms and conditions of the Early Termination Agreement.
Other terms:	The rental deposit will be refunded to the Lessee. The Lessor will also pay RMB 3.6 million (equivalent to HK\$4.0 million) the Lessee as reimbursements for the fixtures of the Premises previously installed by the Lessee, including the escalators, air-conditioning system and the electric power distribution system.

INFORMATION OF THE PARTIES

The Group is principally engaged in the operation of department stores in the PRC. The Lessee is a wholly-owned subsidiary of the Company. Its principal business is the operation of department stores in the PRC.

The Lessor is a limited liability company established in the PRC, and the principal businesses are real estate investment and real estate development. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Lessor and its ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE EARLY TERMINATION AGREEMENT

Pursuant to the Lease Agreement, the Lessee has been operating a department store at the Premises since August 2012. Due to the repeated outbreak of the COVID-19, this store has recorded continuous losses for more than two years. The Board is of the opinion that the early termination of the Lease Agreement will reduce operating loss and financial burden of the Group which will be beneficial to the Company in the long run. Therefore, the Board considers that the terms of the Early Termination Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to the Early Termination Agreement, no rental deposit will be forfeited and no penalty and fee will be paid by the Lessee. Further, pursuant to IFRS 16, the Group shall derecognise the right-of-use asset in the consolidated financial statements of the Company after execution of the Early Termination Agreement. Therefore, the transaction contemplated under the Early Termination Agreement will be regarded as a disposal of the right-of-use asset by the Group under the Listing Rules. The value of the right-of-use asset to be derecognized by the Group amounted to approximately RMB283.0 million (equivalent to HK\$ 316.7 million).

As one of the applicable percentage ratio as defined under the Listing Rules in respect of the transaction contemplated under the Early Termination Agreement based on the value of the right-of-use asset to be derecognized by the Group pursuant to IFRS 16 is 5% or more but is less than 25%, the transaction contemplated under the Early Termination Agreement constitutes a discloseable transaction of the Company and is subject to the notification and announcement but is exempt from 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”	board of Directors
“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)
“Director(s)”	the director(s) of the Company (including all non-executive director(s) and independent non-executive director(s)) of the Company
“Early Termination Agreement”	the early termination agreement entered between the Lessor and the Lessee on 8 December 2022 in relation to the early termination of the Lease 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
“IFRS”	International Financial Reporting Standards issued by the International Accounting Standards Board
“Independent Third Party”	any person or company and their respective ultimate beneficial owner, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected persons of the Group and is third party independent of the Group and its connected persons under the Listing Rules
“Lease Agreement”	the Lease Agreement dated 30 June 2012 entered into between the Lessor and the Lessee in relation to the lease of the Premises
“Lessee”	Shenzhen Shirble Chain Store Limited Liability Company* (深圳歲寶連鎖商業發展有限公司), a wholly-owned subsidiary of the Company

“Lessor”	Shenzhen Hongfa Real Estate Development Co., Ltd.*(深圳市宏发房地产开发有限公司), an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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
“Premises”	the Premise at Hongfa World Shopping Plaza, Baoshi South Road, Langxin Community, Shiyan Street, Baoan District, Shenzhen, Guangdong Province, China
“RMB”	renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) in the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For illustration purposes, amounts in RMB have been translated into HK\$ at the rate of RMB1 = HK\$1.11916.

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, 8 December 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.

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